Landshypotek Bank

Landshypotek Bank Information regarding capital adequacy and risk management 2023

Pillar 3

For a richer life in the countryside

Contents

1 Introduction

This capital adequacy and risk management report contains information about Landshypotek Bank AB's (also the bank or Landshypotek Bank) and its consolidated situation's risks, risk management, capital adequacy and liquidity in accordance with the Basel III rules regarding information disclosure.

The objective of this capital adequacy and risk management report is to publish information about material risks for the consolidated situation, the management of these risks and the current capital and liquidity situation. This report is published in conjunction with the Annual Report on Landshypotek Bank's website. This report has been reviewed by the Board's Risk and Capital Committee and adopted by the Board of Directors.

The figures from the balance sheet and income statement together with the capital and liquidity-related data in the report pertain to the consolidated situation as of 31 December 2023 unless otherwise specified. For the publication of periodic information, where the bank has determined that more frequent disclosure should be conducted, and for Landshypotek Bank's capital situation, please refer to the bank's interim reports.

Section 9 contains a list of definitions and abbreviations used in the report together with their explanations.

Accounts of the corporate governance, remuneration policy and diversity goals are presented in the bank's 2023 Annual Report in the corporate governance report and sustainability report respectively. Refer to the page corporate governance under About Landshypotek on the bank's website (www.landshypotek.se).

The report, together with the information in the bank's Annual Report, interim reports and on its website

(www.landshypotek.se), meets the disclosure requirements under the CRR, FFFS 2014:12 and the Commission Implementing Regulation (EU) No 2021/637.

Stockholm, 12 mars 2024

Per Lindblad
CEO Landshypotek Bank

2 About Landshypotek Bank

Landshypotek Bank is a member owned bank with its main purpose financing ownership and entrepreneurship for farming and forestry and living in the countryside. The bank also offers homeowner mortgages to the general public.

2.1 A member-owned bank

Landshypotek Bank is a member owned bank with its main purpose financing ownership and entrepreneurship for farming and forestry and living in the countryside. The bank has a long history dating back to 1836. Landshypotek Bank has some 118,000 customers in the farming and forestry sector, mortgage borrowers and savings. The bank is a wholly owned subsidiary of Landshypotek Ekonomisk Förening (the association), which is a financial holding company. The bank's borrowers in farming and forestry become members of the association. At the end of 2023, the association had about 34.000 members that jointly owned the association, and where each member has a vote at the annual regional meetings. The 43 Board members appointed from the respective regions then represent the members at the Association Meeting. All licensable activities are conducted within the bank. The bank has no subsidiaries.

2.2 Credit portfolio

The bank's primary operations comprise lending to private individuals secured against collateral in immovable property. The bank's loans to the public amount to SEK 104.8 billion and the exposure weighted loantovalue (LTV) ratio for lending against collateral in immovable property was 44.2 percent.

In addition to credit granting, the bank collaborates with, among others, Lexly, Dina Försäkringar and DNB with the aim of offering its customers a broader range of financial services.

Farming and forestry

Lending is primarily granted against collateral in agricultural and forest properties within 75 percent of an internally determined mortgage lending value. A negligible share of lending is at higher LTV ratios and against other forms of collateral, such as EU subsidies. To a lesser extent, guarantees are also offered to customers. The bank holds a strong position in the Swedish credit market for financing farming and forestry against collateral in agricultural units, with a market share of around 23 percent. The bank's lending to farming and forestry amounted to SEK 79.34 billion at year end.

Residential mortgages

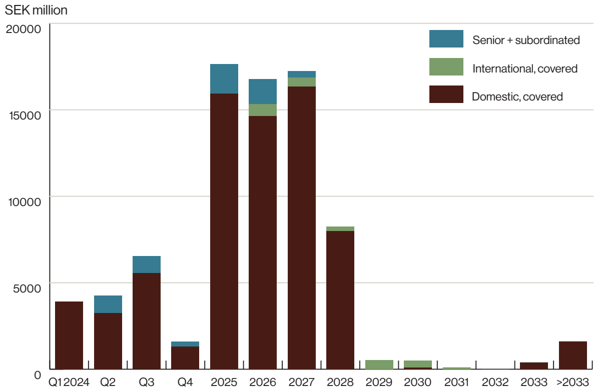
Since 2017, the bank has offered mortgages against collateral in residential properties. The bank offers loans against collateral in residential properties within 75 per cent of the internally assessed mortgage value. The bank has targeted its offering toward residents throughout Sweden. The offer does not currently include lending with collateral in tenant-owned apartments, but the bank plans to launch a mortgage product for tenant-owned apartments in 2024. Lending secured against collateral in houses amounted to SEK 25.2 billion at year end. The bank collaborates with Avanza, Lendo and MedMera bank, which act as mortgage intermediaries.

Funding

Landshypotek Bank funds operations primarily through the Swedish capital and money markets, but also to a lesser extent through international funding. The bank's funding strategy is to attain an appropriate maturity balance between assets and liabilities. Moreover, the bank has an NMTN programme for domestic and international funding, under which the bank can issue covered, senior and senior nonpreferred debt. The programme also allows for the issue of subordinated debt in the form of dated subordinated loans. The limit for the NMTN programme is EUR 10 billion, or a corresponding amount in other currencies.

A Swedish commercial paper programme of SEK 10 billion covers the bank's short-term funding. Under normal conditions, the Bank has no certificate based

Diagram 1 Maturities of market funding



debt outstanding and the programme has not been used in recent years. The programme may be used for bridge financing when temporary liquidity is needed.

At 67.8 percent, the covered bonds comprised a majority of the bank's funding at year end. At the same time, senior and subordinated debt (including senior nonpreferred) comprised 5.4 percent of funding. The bank had no certificate based debt outstanding at year end. The remaining funding primarily comprised deposits and equity.

For information about maturities of market funding, see diagram 1.

The bank's issuance strategy is to conduct at least one major public issue each year to create greater bond liquidity for investors. When economically possible, the bank works actively buying back and extending debt to reduce refinancing risks.

Green bond framework

The bank has a green bond framework that enables green funding. The framework has been awarded a Dark Green shading from the Center for International and Environmental Research – Oslo (CICERO). Altogether, the bank has issued green bonds for a total of SEK 11.5 billion. The underlying properties, which are linked to the lending and which comprise collateral for the covered bond, conduct sustainable forestry operations. The forest on the properties contributes to the storage and avoidance of 240 tonnes of CO_2 per million SEK invested.

Minimum requirement for own funds and eligible liabilities (MREL)

When the Swedish National Debt Office decided in 2017 how Swedish banks and institutions are to be managed in a financial crisis, Landshypotek Bank was deemed a systemically important bank, meaning that were the bank to default in any instance, it would be managed through a resolution procedure. A new application and policy for the MREL was decided by the Swedish National Debt Office in 2021, which took effect from 1 January 2022 with full implementation. on 1 January 2024. Pursuant to the new decision, only Landshypotek Bank is a resolution entity and is subject to the requirements. No requirements apply to Landshypotek Ekonomisk Förening. For the purpose of capitalising the bank in the event of a resolution procedure, the Swedish National Debt Office has set four minimum requirements for the bank.

- The minimum requirement for own funds and eligible liabilities is 21.29 percent of the total riskweighted exposure amount. At the end of December, the bank's compliance rate was 23.29 percent.
- The minimum requirement for own funds and eligible liabilities is 5.50 percent of the total risk-weighted exposure amount. At the end of December, the bank's compliance rate was 9.05 percent.
- The minimum requirement for own funds and subordinated eligible liabilities is 16.77 percent of the total risk-weighted exposure amount. At the end of December, the bank's compliance rate was 21.05 percent.
- The minimum requirement for own funds and subordinated eligible liabilities is 5.00 percent of the total risk-weighted exposure amount. At the end of December, the bank's compliance rate was 8.32 percent.

The bank's own funds and eligible liabilities amounted to SEK 10.6 billion, of which SEK 9.8 billion was subordinate. To date, the bank has one amount outstanding of SEK 2.7 billion of senior non-preferred (eligible) debt. The bank Has thus built up eligible debt to meet the full requirement introduced on 1 January 2024. The bank's Board has established that the bank must have a buffer of not less than 2 percentage points in terms of the decided minimum requirement. The bank monitors outcomes on a daily basis and meets the requirement and the limit by a healthy margin.

2.3 Deposits

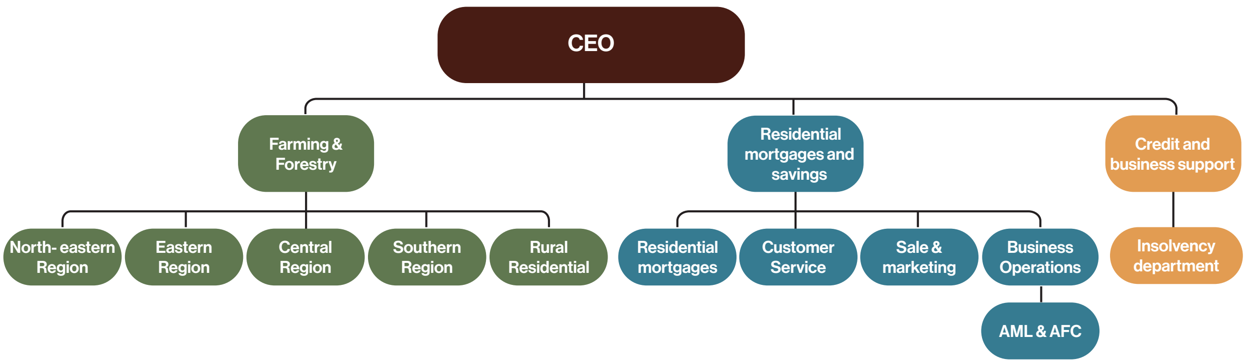
In addition to lending, the bank also has a savings offering to the general public, mainly through digital services. The bank's savings offering encompasses private savings accounts, corporate accounts and forest accounts in which to invest income from forestry. The bank's deposit accounts are encompassed by the deposit insurance in accordance with the decision by the Swedish National Debt Office. As of 31 December 2023, deposits totalled SEK 29.1 billion (23.5), and the deposits to loan ratio was 27.7 percent.

2.4 Organisation

The bank has 19 offices across Sweden. The account managers have a good level of local knowledge and expertise in farming and forestry criteria, as well as entrepreneur driven operations in the countryside. Smaller residential customers in farming and forestry and mortgage customers borrowing for houses are processed centrally, to handle these smaller retail customers efficiently and in the same manner through digital channels and by phone. The mortgage advisors are well versed in consumer credit granting and have extensive experience with mortgage loans. All mortgage advisors are also licensed by Swedsec. To support all customers, a customer service desk is located in Linköping. As of 31 December 2023, the bank had around 222 employees (FTEs).

The bank is domiciled in Stockholm. Illustration 1 provides an overview of the bank's organisation.

Illustration 1 The bank's business operations



3 Risk management

Landshypotek Bank has a low risk appetite and promotes a sound risk culture and a low degree of risk undertaking throughout its operations.

3.1 The bank's objective with risk management

A sound risk culture is a high priority at Landshypotek Bank. The bank strives to achieve a high degree of risk awareness in the organization and a low degree of risk undertaking. A high degree of risk awareness means that each employee understands the risks implied for the bank by the individual's work duties, the degree of risk undertaking that is acceptable and how to behave to avoid exceeding the acceptable level of risk. A low degree of risk undertaking is achieved through a defined risk appetite and clear risk limits, an effective risk framework with a high level of risk awareness among staff, where customer responsibility also includes responsibility for profitability and the risk in each unique commitment.

The bank's employees are tasked with maintaining high quality in all of the activities undertaken, being sensitive to changes in the macro environment and understanding the potential impact of these changes on the bank's customers, collateral and the business model.

3.2 Development of risk management

Customers, legislators and investors as well as general macro environmental developments are continuing to raise the requirements for companies in the financial sector. Concurrently, structural changes in the farming and forestry sectors require increasingly larger operations if they are to be competitive. Therefore, the bank continu ously develops its operations to meet customer expectations, increased regulation and the structural changes. In addition to developing processes, customer offerings and completing comprehensive systems development, the bank continued its goal-oriented efforts to continuously improve the practical implementation of applicable and new regulations in its operations. This applied not least to regulatory frameworks pertaining to internal governance, risk management and control. In 2023, the bank's Board has thus maintained focus on corporate governance issues and revised policies.

A number of improvements were implemented generally across the bank. Furthermore, efforts is still underway to simplify analysis and assessment of non-financial risk. New IRB models were implemented during the year, further improving the risk classification of the bank's customers. The bank's credit controls have been adjusted to identify impaired counterparties at an even earlier stage in order to support the customer with actions that lower the risk of default. The bank conducts continuous monitoring of the sectors in which its customers are active. The bank has also analyzed customers with a potential increase in credit risk. Refer to the bank's sustainability report, which is integrated in its 2023 Annual Report, for a description of the bank's sustainability activities and related risks.

3.3 Risk appetite and risk limits

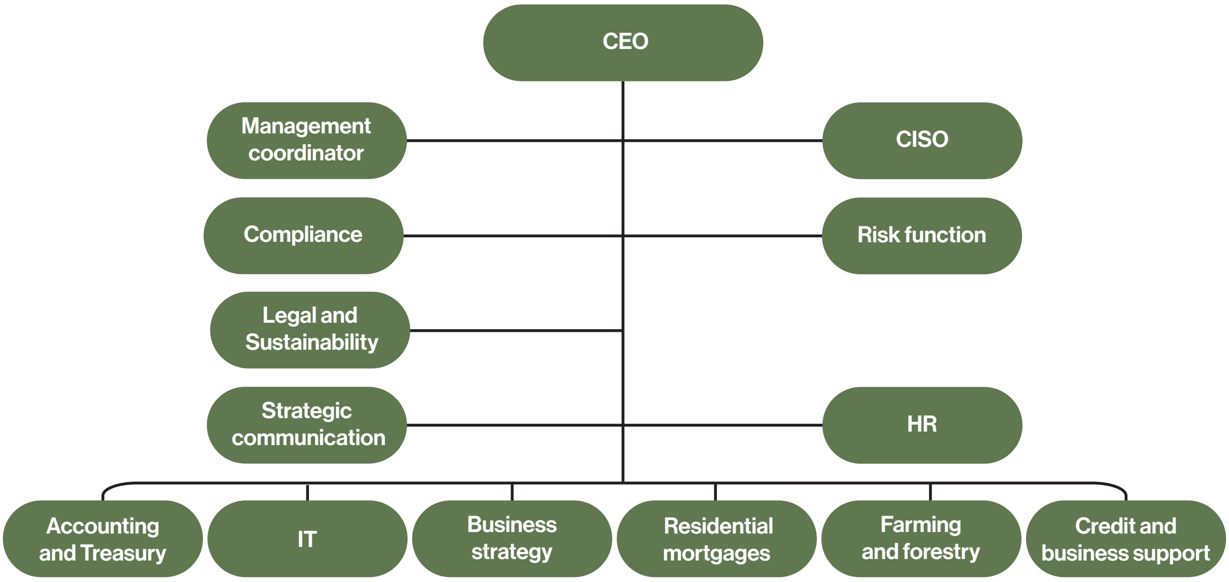
Landshypotek Bank has a number of overarching targets and limits that are based on the bank's risk appetite. The bank's rating targets are a key component of the risk appe tite and mean that the bank must retain a AAA rating for its covered bonds in line with its Swedish competitors. The bank has an overarching limit for the bank's credit loss level. Over an average economic cycle (defined as seven years), the bank's average annual credit losses for the credit portfolio must remain in an interval of 0.025 - 0.075 percent of the bank's total volume of loans outstanding.

To ensure risk undertaking does not exceed the risk appetite, the bank has identified, categorised and limited all material risks. The bank focuses on assuming only the types of risks that the operations are best able to understand and manage.

The single largest risk to which the bank is exposed is credit risk associated with loans to the public. This risk is directly linked to the business model and is managed throughout the credit process.

Conducting business activities also requires taking certain other risks, including liquidity, market and operational risks. A certain level of acceptance for these types of risks must exist, although the bank aims to keep them at a low level.

Illustration 2 Organisational overview



3.4 The bank's three lines of defence

To ensure appropriate risk management (to identify, analyse, rectify, monitor and report risk) and internal control, responsi bility is divided between various functions based on the three lines of defence principle. Refer to Illustration 2 for information regarding the bank's overriding organisational structure.

The model differentiates between functions bearing responsibility for risk and regulatory compliance (first line of defence), functions for monitoring, control, advice and support (second line of defence), and functions for inde pendent review (third line of defence).

The first line of defence – business operations

A core principle is that the line organisation forms the first line of defence with responsibility for internal control and risk management. Responsibility for self-assessment is thus located where risk originates. This means that each employee is responsible for managing the risks in their own areas of responsibility and that requirements applicable, inter alia, to internal control and risk management encompass all employees.

The second line of defence – independent control functions

The risk organization, CISO and compliance (including DSO) are independent control functions and comprise the second line of defence. These functions monitor the first line's risk management and regulatory compliance. The second line of defense maintains policies and frameworks for the first line of defense's risk management, validates the first line's methods and models for risk measurement and control, and supports the first line in interpreting and implementing new regulatory frameworks.

Risk function

The risk function is tasked with providing advice and support to the CEO and employees, and for structured and systematic measurement, control, analysis and continuous reporting on all material risks in the bank. The risk function's responsibilities include the performance of relevant stress tests and in-depth risk analyses in risk areas where higher risks may exist.

The work is conducted pursuant to a policy decided by the Board that describes the risk function's responsibilities and an annual plan. The risk function is independent from operations and the Chief Risk Officer reports directly to the CEO and the Board.

Chief Information Security Officer

The Chief Information Security Officer (CISO) is tasked with providing advice and support to the CEO and employees, and for structured and systematic measurement, control, analysis and continuous reporting on all information and cybersecurity risks in the bank. This includes, inter alia, monitoring the operations' information management and ensuring that the necessary technical safeguards are in place.

It also includes reviewing changes and develop ments as well as providing information security advice.

The CISO is part of the second line of defence and reports directly to the CEO and the Board.

Compliance

Compliance is tasked with advising and supporting the CEO and employees with ensuring that the bank's operations are conducted pursuant to all the regulatory frameworks that govern licensable activities and to identify and report compliance risks. The work is conducted pursuant to a policy decided by the Board that describes Compliance's responsibilities and an annual plan. The Compliance function is independent from business operations and the Chief Compliance Officer reports directly to the CEO and Board.

Third line of defense – internal audit

The third line of defense, internal audit, evaluates the bank's overall management of risk and regulatory compliance, and reviews the work of the first and second lines of defense. Internal audit work aims to examine and evaluate internal governance and controls as well as provide an image of how well processes and procedures contribute to the operational goals. This includes, not least, the evaluation of the effectiveness of the risk management efforts and the work of the second line of defense. The internal audit review initiatives are conducted pursuant to a policy decided by the Board that describes its responsibilities and an annual plan. During 2023, the bank's internal audit was carried out by Deloitte AB.

Illustration 3 Overview of the bank's policies

Policy

- The Board of Directors' overriding rules that comprise of the universe in which we operate as a bank.
- Provide the preconditions to the CEO from the Bank's Board.

Important for all members of Team Landshypotek Bank	Lead employees	Customer relations	Business support	The bank's finances	Risk and regulatory compliance

4 Credit risk

Credit risk is the most significant risk for Landshypotek Bank. Therefore, the bank has clear rules for credit risk management.

4.1 Definition

The bank defines credit risk as follows:

The risk that Landshypotek Bank does not receive payment as agreed and that the value of the collateral is not adequate and therefore will not cover the outstanding claim.

4.2 Credit risk

At year end, Landshypotek Bank's loans to the public totalled SEK 104.8 billion and all lending takes place in Sweden. Historically, lending mainly encompasses individuals resident in the countryside against collateral in immovable property, primarily agricultural and forest properties. In 2023, residential mortgage lending decreased to SEK 25.2 billion (27.0).

The credit portfolio has grown by SEK 32.3 billion since 2018, corresponding to average lending growth of 7.7 percent per year. Average lending per bank customer amounted to SEK 1.9 million. The exposureweighted LTV ratio was 41,9 percent for lending related to collateral in agricultural and forest properties and 46.5 percent for lending related to collateral in houses. The bank's internal models for capital adequacy encompass more than 99 percent of the exposure value in the credit portfolio and attributes loans within the IRB approach to the following exposure classes Retail – real estate collateral and Corpo rates. The exposure value for both these exposure classes totalled SEK 105.0 billion.

4.3 Customers

The bank's customers are primarily private individuals who either conduct operations as a sole tradesr or have income from employment. A significant majority of Swedish agriculture and forestry is conducted in sole trader format, mainly due to rules pertaining to land acquisitions and the ownership of arable land and forest in Sweden. A smaller number of the bank's customers have farming and forestry as their primary income sources. Most customers live off salaried income, while in other cases, salaried income is supplemented with secondary income from business activities.

As regards the bank's loans to the public, customers are categorised based on data pertaining to income, business turnover, size of credit limit and whether the counterparty is a legal entity or a natural person. The bank's internal customer categories are: i) Private individuals, ii) Microenterprises, iii) Small enterprises, and iv) Medium-sized enterprises.

4.4 Management of credit risk in the credit portfolio

Credit process

Landshypotek Bank's credit risk policy sets out the frame works and fundamental principles for granting credit at the bank. All granting of credit at the bank is to be based on customers' repayment capacity and loans are only granted if, based on sound reasoning, commitments can be expected to be fulfilled.

The bank requires collateral to further protect itself against credit losses. This collateral almost exclusively comprises mortgage deeds in immovable property. The collateral is to guarantee the loan receivable by a healthy margin. However, collateral of a high value may never replace the requirements imposed on the repayment capacity of the customers. Credit granting must always be proportionate to the income or cash flows that are to cover loan payments. To reduce the risk of loss, some borrowers need to provide additional collateral, such as sureties and chattel mortgages.

Credit granting is the result of an analysis of the individual customer and/or the limit group to which the cus tomer is linked. The bank's customers are risk classified as described in the Probability of Default (PD) section below.

Credit granting at the bank is performed pursuant to a credit mandate matrix approved by the Board, which is governed by parameters such as total credit limit, LTV ratio and PD risk class. All credit decisions are taken in duality, utilizing a level structure that complies with the aforementioned credit mandate matrix. The highest decisionmaking body for day-to-day credit cases is the Board's Credit Committee.

The office account managers are assisted in the property valuation process for farms and forest by certified valuers from Landshypotek Ekonomisk Förening's (the association) organization of representatives or other approved external valuers. The valuers ensure that the more complex properties are correctly marked-to-market using documented industry experience and a high degree of familiarity with local conditions. A certification process that includes training and written exams ensures the quality of assessments made by valuers from the network of representatives. Houses are primarily valued using a method supplied by UC (UC Bostadsvärdering), but objects that are more complex or more difficult to value requires valuation by an authorized estate agent/valuer.

The IRB approach

Internal Ratings Based (IRB) approach

The bank uses the IRB approach for the retail and corporate exposure classes. For corporate exposures the foundation IRB approach is used.

The IRB system is an integral part and the bank's credit processes, and is utilised for example in pricing and credit decision and monitoring. The Board and the Bank Management receive regular reports on the status of the credit portfolio, based on such factors as PD risk classes and expected losses.

Description of the bank's IRB models Probability of Default (PD)

Landshypotek Bank has two PD models. PD model 1 is used for the risk classification of the bank's customers who are physical entities under the categories: i) Individuals, ii) Microenterprises and iii) Small enterprises. Individuals almost exclusively encompass members of the general public with income from employment, but who have no or only very minor business activities. Average revenue, excluding income from employment, for private individuals classified as Microenterprises or Small enterprises is SEK 1.7 million. PD model 2 is used for the risk classification of the bank's customers, both legal entities and nonlegal entities, classified as Mediumsized enterprises. For the latter customer group, the average revenue is SEK 11,2 million.

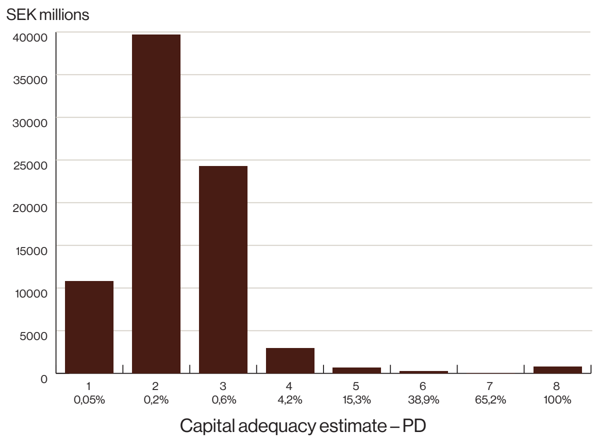
The PD models are statistical models based on internal and external information regarding the customers financial status and credit behaviour that are used to estimate the probability of a customer defaulting within one year. In addition to statistics-based risk classes, it is possible to manually set a PD risk class if the account manager believes the statistical risk class does not accurately reflect the default risk. An upgrade is limited to one risk class step, while downgrades may be carried out without limit to the number of steps. An upgraded risk class is never decided at a level below the Central Credit Advisory Committee, which is the bank's second highest decisionmaking body for day to day credit cases.

PD model 1 categorises exposures under risk classes (1–8) and PD model 2 under A–H. The risk classes 1 and A represent the highest credit quality and risk classes 8 and H comprise credits in default. The bank estimates the PD for each performing risk class for capital adequacy purposes. For this reason, historic data is used as a basis and, in addition, a conservative business cycle adjustment is applied that also takes into account outcomes from the financial crisis years in the early 1990s.

Loss Given Default (LGD)

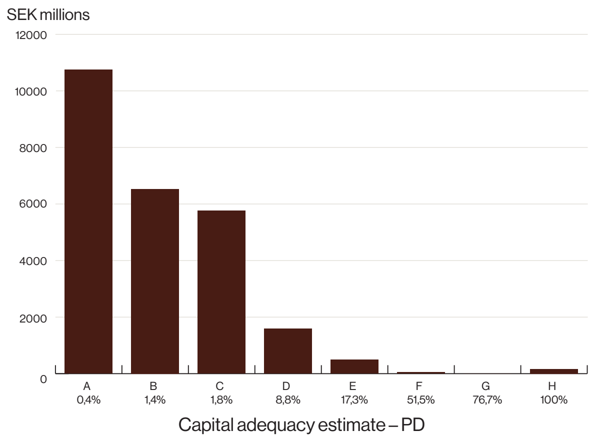
The bank's LGD model is used for credits in the exposure class Retail – real estate collateral with the lien's priority as the risk driver. The assessment of how much of the expo sure value in the exposure class that the bank stands to lose in the event of default, is based on internal loss data. Thereafter,

Diagram 2 Exposure value per PD risk class, PD model 1[1)]



[1)] Customers who are physical entities under the categories: i) Individuals, ii) Micro-enterprises and iii) Small enterprises.

Diagram 3 Exposure value per PD risk class, PD model 2[1)]



[1)] Customers, both legal entities and physical entities, included in the category iv) Medium-sized enterprises.

Diagram 4 Exposure value per LGD risk class (Retail exposures)

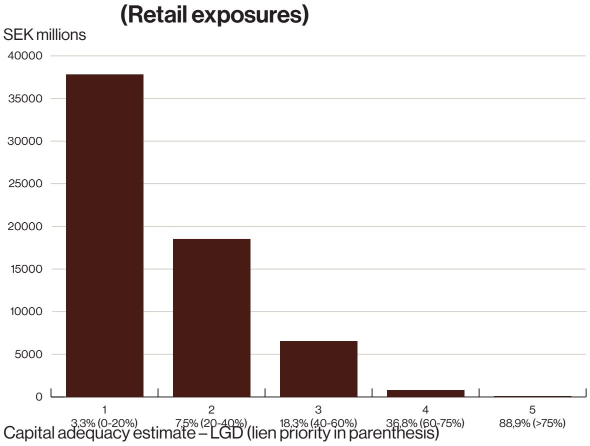
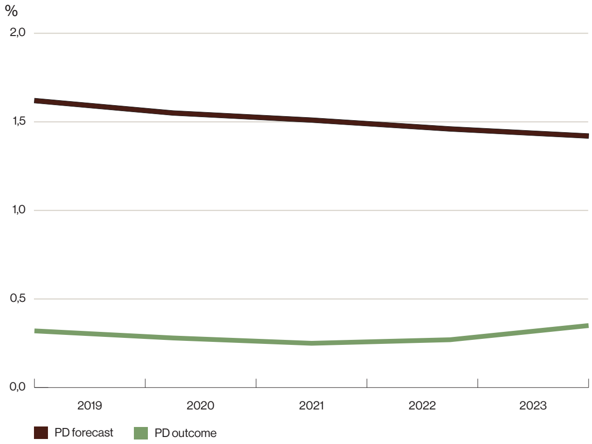


Diagram 5 PD forecast and outcome for PD model 1 [1] [2]



[1] Counterparty-weighted PD forecast at the start of the year and PD outcome in following years.

[2] Customers who are physical entities under the categories: i) Individuals, ii) Micro-enterprises and iii) Small enterprises.

the outcome per LGD risk class has been adjusted upward to estimate LGD values under unfavourable conditions. Thereafter, an MoC increment has been applied to the LGD values for all LGD risk classes. Loans are allocated to one or several of the five LGD risk classes depending on the lien priority. Diagram 4 presents the allocation of exposure by LGD risk class.

Regulatory prescribed LGD values are used for corporate expo-sures. For collateral in the form of immovable property with an LTV ratio below 71.4 percent, which essentially encompasses all of the bank's corporate exposures, the LGD is 35 percent. The bank's assessment is that this 35 percent constitutes a conservative estimate of the actual risk for the actual exposures. By way of comparison, the bank's LGD model for retail exposures would have given an average LGD of 10 percent for these corporate exposures.

Conversion Factor (CF)

The exposure value is the amount that the counter-party is expected to owe to the bank in the event of a default. For standard loans, exposure value is calculated as the loan receivable outstanding. For retail exposures within the framework of the bank's Flexible first lien mortgage loans, where parts of the commitments are off-balance sheet items, the exposure value is calculated by multiplying the counterparty's credit limit by the bank's CF value. This CF is applied on the entire credit ceiling of the flexible first lien mortgage loan. The exposure value for these flexible first lien mortgage loans totalled SEK 0.7 billion on 31 December 2023.

Validation

The bank's internal models and methods used under the IRB approach are validated at least once each year to ensure, inter alia, that the bank continuously and adequately estimates credit risk and that the models have a good capacity to grade borrowers and lending according to risk. The analysis results in a validation report, which is presented to and examined by the bank's Asset and Liability committee (ALCO).

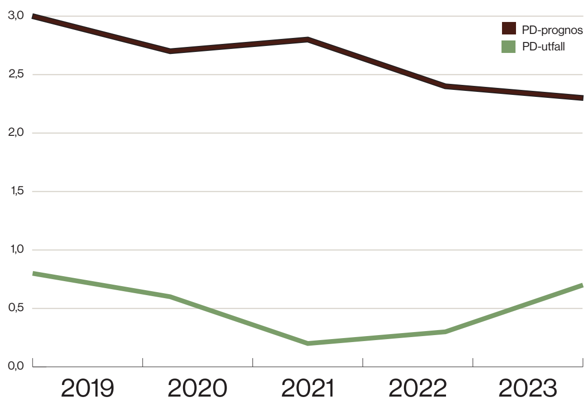
Forecast and outcome for PD and LGD

The PD forecast should represent the long term aver- age for risk of default, which means that the likelihood of default in a specific year may exceed the forecast for a given year. Diagrams 5 and 6 show that PD outcomes have been below forecasts in each of the past five years.

Application for methodology change, IRB

On 22 June 2021, the bank submitted an application to Finansinspektionen for changes to the bank's PD and LGD models. This was due to new European regulatory requirements that regulate the development of the IRB approach and the estimation of risk parameters. The application also addresses adaptation to the new definition of default that was implemented by the bank on 15 December 2020. The PD models was approved in 2023 and has been implemented in the calculation of capital requirements as of Q2, 2023. The application pertaining to the LGD model is still under review. A decision from the Swedish FSA is expected in 2024.

Diagram 6 PD forecast and outcome for PD model [1) 2)]



1) Motpartsviktad PD-prognos i början av året och PD-utfall under efterföljande år.
2) Kunder som är juridiska personer samt fysiska personer med kundkategori iv) Medelstora företag.

Monitoring of the credit portfolio

Landshypotek Bank's Chief Risk Officer is responsible for preparing and implementing internal governance documents for the credit process and the first line of defence is responsible for ensuring compliance with the internal rules for credit granting. The credit control unit performs regular checks to ensure that operations comply with established regulatory framework and monitoring activities.

All commitments are subject to credit monitoring on a scheduled and ongoing basis. Customers with higher risk levels are monitored more frequently. All credit decisions are to be preceded by a careful risk assessment and risk classification. Consequently, making a credit decision requires knowledge about regional and industry specific factors that may impact customers' repayment capacity and the value trend of the collateral. The credit control unit uses portfolio analysis to identify sectors and segments where risk has risen, for further assessment.

Management of problem credits

Operations at the bank bear full responsibility for customer relationships, profitability and risks in all customer commit ments. When needed, operations are assisted by the central departments with in-depth analyses and with managing problem customers and insolvency cases. The bank's Credit and Business support unit assists with expertise with regard to problem commitments and confirmed insolvency cases. The bank's insolvency unit works primarily with defaulting commitments with the aim of discontinuing the loans with a minimal loss for the bank.

Climate and environmental risks

Agriculture is one of the sectors of society that is most clearly impacted by climate change, and arable farming and animal husbandry need to be constantly adapted to their environment. Raw materials from forestry are an important component of the transition to a fossil free society, and growing forests play an important role as carbon sinks. In the same manner, the risks and opportunities posed by a changed climate need to mark and permeate the entire bank.

Since climate change can have a direct and indirect impact on our customers' operations and, thus, also on the bank's credit risk, the bank has identified the climate and environment related risk factors that are linked to the bank's lending. Moreover, the bank has analyzed the link between the risk factors and credit risk in the bank.

The integration of climate and environmental risks in the credit appraisal requires the inclusion of an analysis of climate and environmental risks in the assessment of the repayment capacity of all medium and large enterprises and legal entities. The climate and environmental analysis must identify physical and transition risks pertaining to the customer's competence, strategy, operations and secu rity. Furthermore, the analysis must assess the impact of these risks on the customer's repayment capacity and the level of preparedness of the customer and its operations in terms of a changing climate and the measures taken to mitigate climate impact.

4.5 Credit losses

Net credit losses amounted to recoveries of SEK 4.9 million (recovery: 4.5) in 2023 and confirmed losses totalled SEK 12.1 million (0.01). Landshypotek Bank credit loss allowance pursuant to IFRS 9 amounted to SEK 17.87 million (33.3) on 31 December 2023. The credit loss allowance decreased SEK 15.5 million during the year, largely due to lower and fewer individually calculated provisions in stage 3. The exposure value of defaulted loans increased to SEK 957 million (715) at the same time as the decrease in stage 3 provisions amounted to SEK 14.2 million. The bank continuously develops its work with the credit portfolio. Central units assist operations with in-depth analyses and with managing problem customers and insolvency cases. Credit losses over the past few years pertain to a few isolated customers, where the prerequisites of the individual entrepreneurs proved the deciding factors for the customers' default.

4.6 Counterparty risk – credit risk in Treasury activities

Landshypotek Bank's counterparty risks comprise the risk of default by counterparties in the bank's funding opera tions. Counterparty risks arise as a consequence of the bank's management of liquidity, interest rate and currency risks. Risk tolerance for counterparty risk is generally low.

The bank's total counterparty exposure comprises:

- the market value of securities;
- the exposure value of derivative instruments calculated based on the marktomarket approach stipulated in the CRR; and
- cash deposits.

Counterparty risk may only be undertaken against:

- public bodies that are assigned 0 percent in risk weight for capital adequacy; and
- financial institutions.

New counterparties are approved and limited by the Board and existing limits are reviewed and decided each year. Limits are set for exposure values and tenors. All of Landshypotek Bank's derivative contracts are registered in the cover pool, and the bank has International Swaps and Derivatives Association (ISDA) agreements and unilateral Credit Support Annexes (CSAs) in place for each counter party, whereby the counterparties provide collateral under certain conditions. Under these agreements, Landshypotek Bank can never be obligated to provide collateral.

The bank has a permission from Finansinspektionen to apply net derivative exposures with the same counterparty for capital adequacy purposes. The allocation of the bank's liquidity portfolio and derivative contracts, by rating and credit quality stage, are shown in tables 1 and 2 respec tively.

Table 1 Liquidity portfolio by rating, measured at fair value (SEK million)

	Group		
	Covered bonds	Municipal bonds	Total
AAA	6 866	1 923	8 789
AA+		3 101	3 101
Total	6 866	5 024	11 890

Table 2 Derivative contracts by credit quality step 1), measured at fair value (SEK million)

	Group		
Group	Positive market value	Exposure amount before credit risk mitigation techniques incl. netting gains, collateral received and any future exposure [2) 3)]	Exposure amount after credit risk mitigation techniques incl. netting gains, collateral received and any future exposure [3) 4)]
1	493	-430	-430
2	1 691	-453	-453
3	334	-28	-28
4-6			-
Total	2 518	-911	-911

[1)] In accordance with the Commission Implementing Regulation (EU) 2016/1800.

[2)] Landshypotek Bank received SEK 340 million in cash collateral under derivative contracts.

[3)] Netting gains amounted to SEK 500 million.

5 Liquidity risk

Landshypotek Bank's appetite for liquidity risk is low and the bank has a liquidity reserve that allows the bank to operate normally even during extended periods of stressed liquidity.

5.1 Definition

Landshypotek Bank defines liquidity risk as follows:

The risk of being unable to discharge its payment obligations at the due date.

5.2 Liquidity risk

Landshypotek Bank's assets almost exclusively comprise loans with collateral in immovable property with LTV ratios below 75 percent of the internally assessed LTV ratio and with long credit periods. The bank is largely dependent on market funding, which on average has shorter tenors thereby giving rise to refinancing risk. To diversify financing and to reduce refinancing risk, the bank offers deposit accounts. However, deposits mean that the bank has a risk of outflows in stressed conditions for which risk can be mitigated by the bank holding a liquidity buffer. Refer to Table 3 to see a maturity analysis of the bank's financial assets and liabilities.

5.3 Management of liquidity risk

The bank's operations are naturally exposed to liquidity risk and the consequences of a lack of liquidity can be serious. Therefore, the bank's appetite for liquidity risk is low and the management of liquidity risk is of high priority. The bank reduces its liquidity risk by maintaining a liquidity buffer comprised of highquality securities. This buffer gives the bank the opportunity

Table 3 Maturity analysis for financial assets and liabilities (SEK million)

	Group						
2023 SEK million	On demand	<3 months	3–12 months	1–3 years	3–5 years	>5 years	Total
Financial assets							
Cash and balances with central banks	-						0
Eligible treasury bills	-	40	672	1 536	1 704	0	3 952
Loans to credit institutions	220						220
Loans to the public	-	1 660	2 121	5 234	4 861	93 346	107 222
Bonds and other interestbearing securities	-	775	593	4 261	2 477	0	8 105
Derivatives	-	419	1 071	2 438	1 739	1 930	7 597
Total	220	2 894	4 458	13 469	10 781	95 276	127 096
Liabilities							
Liabilities to credit institutions		552					552
Borrowing/deposits from the public	29 080						29 080
Granted credit facilities	-	314	-	-	-	-	314
Debt securities issued	-	4 620	14 080	36 309	26 154	3 943	85 105
Derivatives	-	557	1 250	2 553	1 406	1 828	7 595
Subordinated liabilities	-	8	21	625	0	-	653
Other liabilities	-	30	350	26	0	-	406
Total	29 080	6 081	15 701	39 513	27 560	5 771	123 705
Contracted cash flows	-28 860	-3 187	-11 243	-26 044	-16 780	89 505	3 391

The above tables include all contracted cash flows. The amounts are not discounted and are recognised during the time slot when Landshypotek is entitled to request payment or has an obligation or right to repay. Future variable rates of interest have been included in the calculation for derivatives and financial liabilities. Interest-rate derivatives are settled on a net basis, while currency interest-rate derivatives are settled on a gross basis, which is reflected in the above table. This entails that contracted amounts on maturity are only included for currency interest-rate derivatives. All flows are stated net for interest-rate derivatives.

of bridging temporary strains on liquidity, but also provides the opportunity of procuring funds at times of severe liquidity crises by borrowing against or selling securities in an orderly fashion and reducing the financing need. The main criterion for the selection of assets is that the security is accepted as collateral by the Riksbank, Sweden's central bank.

In order to maintain good payment capacity, the Board has decided that a liquidity reserve should be available that at least corresponds to the forecast, accumulated net cash outflows for the next 180-day period and the outflows of deposits in periods of stress, without any possibility of refinancing. As of 31 December 2023, the bank had sufficient funds available to cover all payment obligations for about 229 days under this metric. The Covered Bond directive stipulates that a liquidity buffer must be in place in the cover pool, for the purpose of covering outflows from the covered bonds for next 180-day period. The buffer can comprise high quality liquid assets or, if so stipulated in the bond's terms and conditions, utilise extendable maturity structures.

The bank also applies ratio limits for the liquidity reserve, based on it covering net outflows pursuant to the LCR requirement. The LCR for the consolidated situation was 332 percent. The LCR requirement is 100 percent, and since the establishment of LCR measurements, the bank has never been below this requirement. The bank has set an internal limit of 130 percent.

The bank has set a limit for the NSFR of 105 percent. A ratio of not less than 100 percent is required to meet the NSFR regulations. As of 31 December, the bank's ratio was 118.4 percent.

The holdings in the liquidity reserve comprise covered bonds issued in SEK by Nordic credit institutions with high credit ratings and bonds issued by Swedish municipalities and regions, as well as bonds issued by Kommuninvest.

The market value of the liquidity reserve was SEK 12.1 billion, of which 7 percent comprised supplemental collateral in the pool for covered bonds. 74 percent of the liquidity reserve comprised securities with a AAA rating. No security had a rating below AA+.

5.4 Stress tests

In addition to daily limit checks, continuous stress tests are conducted to ensure that liquidity is sufficient even during possible if unlikely market conditions. Examples of stressed scenarios that are tested include:

- a stop in the borrowing market and no new deposits are available;
- lower market values of the investments in the liquidity reserve;
- customers stop paying interest and repaying their loans;
- full utilisation of customers' flexible loans in the first month; and
- substantial withdrawals from deposits with immediate effect (day 1).

The stress tests carried out by the bank have indicated a healthy payment capacity even if several different events that have a negative effect on liquidity were to occur simultaneously. As of 31 December 2023, the bank was able to meet its payment obligations for about 38 days when stress was applied to all parameters simultaneously.

Withdrawals from deposits is the single scenario that has the most significant negative impact on liquidity. In such a scenario, the fact that the bank's deposit products are covered by the national deposit insurance comprises a riskmitigating factor. The bank believes that the current payment capacity is satisfactory and corresponds well to the bank's low appetite for liquidity risk.

5.5 Encumbered assets

Landshypotek Bank's lending is largely financed through covered bonds. This provides the bank with a relatively high degree of encumbrance. As of 31 December 2023, the bank's encumbrance ratio, which is the ratio of encumbered assets to total assets pursuant to Article 100 in the CRR, was 68 percent, with the assets in the cover pool for issuing covered bonds representing the source of encum-brance. A total of SEK 80 billion of the bank's assets were encum bered as of 31 December 2023.

Refer to Table 4 for more information about the bank's encumbered assets.

Table 4 Disclosures, encumbered assets, consolidated situation (SEK million)

	Carrying amount of encumbered assets	Carrying amount of unencumbered assets
Bonds and other interestbearing securities	0	11 890
Other assets	80 332	26 294
Total	80 332	38 184
	Fair value of pledged collateral received or own issued interest-bearing securities	Fair value of collateral received or own issued interest-bearing securities that can be encum-bered
Bonds and other interest-bearing securities	0	0
Other collateral received	0	0
Total	0	0
	Matching liabilities, contingent liabilities or securities lent	Assets encumbered, collateral received and own interest-bearing securities issues excluding covered bonds and asset-backed securities
Total	78 757	80 332

6 Market risk

Landshypotek Bank does not set any prices and conducts no trading operations, which means the bank's market risk is low.

6.1 Definition

Landshypotek Bank is exposed to market risk in the form of interestrate risk, currency risk, creditspread risk and basisspread risk, which are defined as follows:

- Interestrate risk – The risk that the market value of discounted future inflows and outflows will develop negatively as a result of changes in interest rates.
- Currency risk – The risk of losses on borrowed, lent or invested capital when exchange rates fluctuate.
- Creditspread risk – The risk of decreased market values as a consequence of widened spreads for risk-free interest for assets measured at fair value.
- Basisspread risk – The risk of decreased market values for derivatives entered into on borrowing in foreign currencies that cannot be compensated with a corresponding change in the market value of the issued debt instrument.

6.2 Market risk

Interest-rate risk arises in the bank's core operations and is attributable to differences in tenors between assets and liabilities. Currency risk arises in the bank's international funding when there is a change in exchange rates. Credit spread risk arises in the bank's management of liquidity risk when the credit ratings for the assets comprising the liquidity reserve change. Basis-spread risk arises as a consequence of the reduction of the first two risks through the use of derivatives.

6.3 Management of market risk

The risk policy regulates how market risks are to be measured and reported and sets the framework for the bank's appetite for market risks. The bank's Treasury unit manages the bank's market risks. Derivative instruments are used to efficiently reduce the effects of changes in the interest-rate and currency markets on the bank's assets, liabilities and earnings.

Interest-rate risks

Interest-rate risk arises when fixed-interest terms for assets and liabilities are mismatched and is measured, inter alia, as the changes in the market values that occur from a one-percentage-point parallel shift in the interest-rate curve. The total risk is measured daily and limited, and divided into different time slots. Measurement excludes customer margins and noninterest-based credit margins, and uses equity as financing for customers' loans outstanding, with an average tenor of about two to three years. The Treasury unit also has a smaller deviation mandate of +/ SEK 20 million for the practical management of the interest rate risk. At year end, the interest-rate risk was negative SEK 3.7 million according to this metric. With a fixed-interest period of zero for equity, the interest-rate risk in the banking book was negative SEK 153 million. The bank utilizes interest-rate swaps as a tool for managing interest-rate risks.

Refer to Table 5 to see the fixed-interest terms for the bank's interest-bearing assets and liabilities.

In addition to daily interest-rate risk measurement, the interest-rate risk is also measured pursuant to Guideline on interest rate risk in the banking book where stress is applied to economic value according to six predetermined scenarios for interest-rate movements. For these measurements, the bank applies the same methods for calculating future cash flows as with the daily measurements.

Refer to Table 6 for the outcome of the interest-rate risk measurements.

The bank also measures earnings at risk pursuant to the EBA's guideline, whereby the effect of interest-rate movements is measured for three different balance sheet development scenarios (constant, runoff and dynamic).

Refer to Table 7 for the outcome of the earnings at risk measurements.

Currency risks

The bank has no appetite for currency risks. The currency risk that arises when raising funds in currencies other than SEK is hedged by taking all of the cash flows in another currency and reflecting them in the derivative contracts used to hedge currency and interest-rate risk. In nominal amounts, the bank's financing in foreign currency amounted to SEK 2.4 billion at year end. The bank has not taken up any funding in foreign currencies since 2011.

Credit-spread risk

Credit-spread risk arises as a consequence of the bank reducing its liquidity risk by holding a liquidity reserve of liquid bonds. Credit-spread risk is created by movements in credit spreads for the assets that comprise the liquidity reserve. The bank has hedged value changes related to the interest-rate conditions that impact the underlying assets, but value changes related to market perceptions of credit risk have not been hedged. The bank measures these changes in value and it is this portion of the total changes in asset value that impacts the income statement and balance sheet. The bank limits credit-spread risk by setting maturity limits on individual holdings and by only buying securities with high credit ratings, which reduces credit-spread volatility. Moreover, the bank has a limit of 3 years for the average tenor in the liquidity portfolio to further reduce the risk of undesirable earnings impacts.

Basis-spread risk

Basis-spread risk arises for the bank when the currency and interest-rate risk from borrowing in a currency other than SEK, is reduced through derivatives. The hedging of cross-currency interest-rate swaps means that the bank's foreign currency payments are swapped for payments in SEK, thus allowing the bank to hedge currency and interest-rate risk in foreign currencies even though con current basis-spread risk arises. Earnings effects arise when changes in the market values of cross-currency interest-rate swaps are not matched by corresponding market value changes in the issued debt. Due to increased volatility in basis spreads, the bank has chosen not to take up any funding in foreign currencies since 2011. However, if the bank does not terminate the derivatives, the net earnings impact on expiry would be zero, but derivatives can impact the earnings of individual interim periods or calendar years.

Table 5 Fixed-interest terms for the Group's interest-bearing assets and liabilities (SEK million)

	Group					
	< 3 months	3 - 12 months	1-3 years	3-5 years	> 5 years	Total
Assets						
Cash and balances with central banks	-	-	-	-	-	0
Eligible treasury bills	2 338	200	1300	0	0	3 838
Loans to credit institutions	220					220
Loans to the public	80 409	6 196	12 116	4 820	986	104 528
Bonds and other interestbearing securities	3 550	500	2 400	1 800	0	8 250
Derivatives	30 184	4 550	10 760	16 033	3 237	64 764
Total assets	116 700	114 46	26 577	22 653	4 224	181 599
Liabilities						
Liabilities to credit institutions	552					552
Borrowing/deposits from the public	29 080					29 080
Debt securities issued	43 962	4 550	10 760	16 183	3 242	78 697
Derivatives	40 593	5 380	13 460	3 965	1 015	64 413
Subordinated liabilities	600	0	0	0	-	600
Total liabilities	114 786	9 930	24 220	20 148	4 257	173 341
Net	1 914	1 516	2 356	2 505	-34	8 258
Interestrate sensitivity, net	-2,1	0	0,4	-2,3	2,2	-1,8
Cumulative interestrate sensitivity	-2,1	-2,1	-1,7	-4	-1,8	

The above table differs from the maturity analysis, which includes all contracted flows, that is, nominal amounts plus contracted interest payments. The table shows nominal amounts for derivatives. Nominal amounts for inflows from derivatives are shown on the asset side and nominal amounts for outflows on the liability side. The amounts have been allocated according to the dates when interest is reset. This differs from the maturity analysis, which includes all contracted flows, that is, nominal amounts plus contracted interest payments.

Table 6 Change in economic value after interest rate stress (SEK million)

Interest rate stress scenario	Change in economic value
Parallel shock up	45
Parallel shock down	-60
Steepener shock	-4
Flattener shock	11
Short rates shock up	31
Short rates shock down	-36
Long rates shock up	19
Long rates shock down	-26

Table 7 Earnings at risk during interest rate stress (SEK million)

Balance Sheet	Interest rate decrease	Interest rate increase
Constant	-19	19
Run-off	-19	19
Dynamic	-19	19

7 Operational risk

7.1 Definition

Landshypotek Bank defines operational risk, internally referred to as non-financial risk, as the risk of losses resulting from inappropriate or failed internal processes, human error, inadequate systems and external events, including legal risks.

Non-financial risks also include compliance risks and business model risks.

7.2 Operational risk

Operational risk is inherent in all of the bank's activities. As a result of the bank's business focus, operational risk at the bank is low. The bank conducts no trading opera tions or cash management, for example. Risks pertain to the banks products within lending and deposits.

The bank aims to minimize and/or keep risks at a low level. This is achieved by creating a healthy risk culture and sound risk management where vital skills include effective risk identification, taking actions, implementing the right controls and monitoring.

In 2023, 89 (124) incidents were reported in categories 1 and 2. The bank applies a scale of 1 - 3 to categorise incidents, where 1 - 2 is categorized as material, meaning that it entails a risk of disruption to a businesscritical function for a significant proportion of users or customers.

The bank's total losses attributable to incidents for 2023 amounted to SEK 8.75 million.

7.3 Management of non-financial risk

The management of non-financial risk is primarily described in the bank's risk policy.

The risk policy describes the appetite for non-financial operational losses due to incidents. The bank's losses caused by non-financial risks and incidents may not significantly impair the bank's strategy and objectives, which means that total losses due to non-financial risk may not exceed 10 per cent of the bank's budgeted annual profit before credit losses. The Bank's Risk Policy, which is approved by the Board of Directors, contains the Bank's limits for non-financial risks, which constitute early warning signals within the framework of the Bank's appetite.

The operations bear responsibility for non-financial risk and incidents, and all employees are obligated to act to reduce the risk of losses. The second line, the risk function, Compliance and CISO has a supporting and controlling role in the work with non-financial risks.

7.3.1 Incident management

Landshypotek Bank has a system for incident management, whereby risks and incidents are linked to processes IT-system, product, business areas and services, everyone in the Banks has a responsibility and an obligation to report incidents . The bank's incident managers are the recipients of incidents and allocate incidents, and follow up and close incidents once they have been dealt with.

7.3.2 New Product Approval Process (NPAP)

The bank has an established process for significant changes, known as the New Product Approval Process (NPAP). The aim of the process is to ensure the bank takes well-documented, well-anchored and informed decisions prior to implementing and launching new or significantly changed products, services, processes and IT systems as well as major operational and/or organisational changes including outsourcing.

The NPAP ensures that any risks arising in conjunction with the change are identified and managed. The bank's control functions in the second line of defence provide continuous advice and support in the event of material changes, and contribute opinions and has the capacity to monitor the bank's risk exposure to ensure it does not change or cause the risk appetite to be exceeded.

7.3.3 Risk analysis

The bank works continuously to analyse the risks to which the bank is or could be exposed. This is done by all units in the bank identifying and assessing their risks and linking them to IT systems, processes, products and services. In this way, the Bank can anticipate and prevent the realisation of non-financial risks. All Bank staff use the same risk analysis process to assess non-financial risks.

Risks are registered and evaluated according to the Bank's risk matrix for risk assessment and risk mitigation measures are developed. Identified risks are followed up on an ongoing basis. Risk assessment of non-financial risks is also triggered when major changes occur within the Bank.

7.3.4 Business continuity management and recovery plan

The Bank's continuity management aims to ensure that critical operations can be maintained at an acceptable level even in the event of a major disruption. The bank's continuity and recovery plans include contingency procedures, recovery procedures and resumption procedures to ensure that the most important functions can be maintained at an acceptable level even in the event of major disruptions and that it is clear how the business will return to normal after an extended disruption.

The bank tests and evaluates the continuity and recovery plans to ensure that they work and are relevant over time. The tests are documented and reported back to the Board of Directors at least annually.

If incident and continuity management is not sufficient to deal with an extraordinary situation, the bank's crisis management system is activated.

7.3.5 Significant processes

In 2023, the Bank reviewed the significant processes and identified and documented six significant processes. Each process has then been categorised into sub-processes with a designated owner. Risks in the processes and sub-processes are identified through risk analyses that are conducted on an ongoing basis by the business and reviewed at least annually. The risks are documented in the bank's risk management system and ongoing work is carried out, partly to make each process more efficient and partly to follow up the risks and associated measures to limit and/or eliminate the risks.

8 Capital adequacy and capital requirements

Landshypotek Bank strives to maintain a level of capitalisation that secures the bank's survival even under unforeseen circumstances.

8.1 Own funds

The consolidated situation's own funds primarily comprise member contributions, other contributed equity, retained earnings, additional Tier 1 capital and T2 capital. Own funds for the consolidated situation amounted to SEK 7.0 billion, of which SEK 6.2 billion comprised CET1 capital.

During the year, CET1 capital increased SEK 0.5 billion, primarily as a result of higher earnings but also due to new member contributions. The consolidated situation's additional Tier 1 capital amounted to SEK 0.3 billion, which comprised a SEK 0.4 billion perpetual subordinated loan issued by the bank. Tier 2 capital amounted to SEK 0.5 billion, which comprised a SEK 0.6 billion dated subordinated loan issued by the bank, refer to Table 9. The subordinated loan is not included fully due to the consolidated situation being subject to provisions that limit how large a share of externally issued additional Tier 1 capital and T2 capital instruments in Landshypotek Bank AB may be included in own funds.

Refer to Table 8 for more detailed information about the bank's own funds. The members of Landshypotek Ekonomisk Förening are obliged to contribute capital to the cooperative association in the form of an obligatory minimum contribution of SEK 500 in conjunction with the customer taking out their first loan and thereby becoming a member of the association. The contribution is built up either voluntarily through deposits by the member or on an ongoing basis via the return on the paid-in contribution. Of a member's annual dividend, 70 percent is automatically converted into member contributions until the member's contributed capital reaches 4 percent. Members who have repaid their loans and ceased to be members are normally repaid around three years after ending their membership. However, the repayment of member contributions requires the approval of the Board of the cooperative association. Moreover, the repayment of member contributions requires permission from Finansinspektionen. When calculating the CET1 capital for capital adequacy purposes, regulatory adjust ments are made as set out in Table 8.

Table 8 EU CC1 – Composition of regulatory own funds (SEK million)

		Consolidated situation	
Row no.		31 Dec 2023	31 Dec 2022
1	Capital instruments and the related share premium accounts	2 036	2 000
	of which: member contributions	2 036	2 000
	of which: share capital	-	-
2	Retained earnings [1]	4 324	4 074
3	Accumulated other comprehensive income (and other reserves)	-42	-43
EU-5a	Independently reviewed interim profits net of any foreseeable charge or dividend	375	339
	CET1 capital before regulatory adjustments	6 693	6 369
7	Additional value adjustments	-12	-12
8	Intangible assets (net of related tax liability) (negative amount)	-47	-68
12	Negative amounts resulting from the calculation of expected loss amounts	-390	-599
27a	Other regulatory adjustments	-	-
28	Total regulatory adjustments to CET1 capital	-450	-679
29	CET1 capital	6 243	5 690
30	Capital instruments and the related share premium accounts	-	-
31	of which: classified as equity under applicable accounting standards	-	-
34	Qualifying Tier I capital included in consolidated AT1 capital issued by subsidiaries and held by third parties	293	311
44	Additional Tier 1 (AT1) capital	293	311
45	Tier 1 capital (T1 = CET1 + AT1)	6 536	6 001
46	Capital instruments and the related share premium accounts	-	-
48	Qualifying own funds instruments included in consolidated Tier 2 capital issued by subsidiaries and held by third parties	509	543
58	Tier 2 (T2) capital	509	543
59	Total capital (TC = T1 + T2)	7 045	6 544
60	Total risk-weighted exposure amount	38 278	40 564
61	CET1 capital ratio (%)	16,3	14,0
62	Tier 1 capital ratio (%)	17,1	14,8
63	Total capital (%)	18,4	16,1
64	Institution CET1 overall capital requirements (%)	10,1	9,1
65	of which: capital conservation buffer requirement (%)	2,5	2,5
66	of which: countercyclical capital buffer requirement (%)	2,0	1
EU-67b	of which: additional own funds requirements to address risks other than the risk of excessive leverage (%) [2]	1,1	1,1
68	Common Equity Tier 1 capital (as a percentage of risk exposure amount) available after meeting the minimum capital requirements [3]	8,4	6,1

[1] Item includes other contributed equity

[2] As of 31 December 2020, Finansinspektionen's assessment of Pillar II capital requirements have been included even though the actual amounts have yet to be formally determined.

[3] The calculation includes both Pillar I and Pillar II in the minimum capital requirement. Other communication from the bank only encompasses Pillar I.

Table 9 Own funds instruments Landshypotek Bank [1]

Name of loan	Currency	Nominal amount, SEK tkr	Nominal amount outstanding, tkr	First possible redemption date	Interest rate	Interest rate after first possible redemption date	Due date
AT1 SUB	SEK	400	400	16 Feb 2027	3m Stibor +2,8 %	3m Stibor +2,8 %	Perpetual
EMTN 800 SUB	SEK	600	600	3 Mar 2026	3M Stibor +1 %	3M Stibor +1 %	3 Mar 2031

[1] Refer to the page Capital Instruments under Investor Relations on the bank's website www.landshypotek.se.

8.2 Capital requirements and the combined buffer requirements

Pillar I capital requirement

Landshypotek Bank bases calculation of the regulatory capital requirement on the rules as found, inter alia, in the CRR and in FFFS 2014:12. The bank estimates the regulatory capital requirement for credit risk, operational risk, market risk and pension risk. Moreover, the bank calculates capital requirements pursuant to Article 458 of the CRR. This capital requirement also relates to credit risk and entails application of a risk-weight floor of 25 percent for the exposure class Retail – real estate collateral for banks that have a permit to use an IRB approach for calculating the capital requirement for the exposure class. Article 458 is applied by Finansinspektionen with the aim of mitigating macroprudential and systemic risks in the form of property bubbles. The risk-weight floor has been introduced due to the assessment of Finansinspektionen that, following an extended period of low credit losses, a risk exists that banks' IRB models do not ensure that banks maintain adequate capital to cover exposures to Swedish mortgages.

Despite the bank's credit portfolio largely comprising only lending against collateral in agricultural and forest properties, it is covered by the credit portfolio definition that Finansinspektionen has decided will encompass the "risk weight floor for Swedish mortgages." For capital adequacy purposes, the credit portfolio is more than 99 percent covered by the IRB approach. The bank uses the advanced IRB approach for the exposure class Retail – real estate collateral and the foundation IRB approach for Corporates.

For capital adequacy purposes, the standardized approach is used for other credit risk, including counter party risk and CVA risk, and the basic indicator approach is applied for operational risks. The bank and the consolidated situation have no exposure to foreign currency risk as operations are only condu-cted in Sweden and borrowing in other currencies is cashflow hedged through currency derivatives.

During the year, the capital requirement under Pillar I decreased from SEK 0.2 billion to SEK 3.1 billion due to implementation of new PD models.

Table 10 Own funds requirement by risk, approach and exposure class (SEK million)

31 Dec 2023	Consolidated situation			
	Exposure value [1]	Risk-weighted exposure amount [2]	Own funds requirement [3]	Average risk weight[4]
Credit risk – IRB approach	105 103	22 701	1 816	22%
Retail – real estate collateral	63 865	5 224	418	8%
Corporates	41 134	17 372	1 390	42%
Other noncreditobligation assets	104	104	8	100%
Credit risk – Standardised approach	**13 379**	**1 217**	**97**	**9%**
Central governments or central banks	14	0	0	0%
Regional governments or local authorities	5 024	0	0	0%
Institutions	1 130	370	30	33%
Corporates	9	9	1	100%
Retail	28	20	2	72%
Secured by mortgage liens on immovable property	305	128	10	42%
Exposures in default	2	3	0	131%
Covered bonds	6 866	687	55	10%
Operational risk – Basic indicator approach		1 826	146	
Credit valuation adjustment risk – Standardised approach	911	644	52	71%
Additional risk exposure amount under Article 458 CRR (risk-weight floor)		10 742	859	
Article 3 CRR		1 149	92	
Total	119 392	38 278	3 062	

[1] Exposure value calculated in accordance with the CRR. In certain cases, instead of exposure value, the abbreviation EAD (Exposure at default) and the term exposure amount were used in the bank's previous reports.

[2] After application of the relevant risk weights. Risk weights for the IRB approach are based on internal risk classification and internal historical data while risk weights as prescribed in the CRR are applied for the standardised approach.

[3] Calculated by multiplying the risk-weighted exposure amount by 8 percent. Does not include any buffer requirements.

[4] Calculated by dividing the risk-weighted exposure amount by the exposure value for the respective risk/exposure class.

Table 11 Capital requirement (SEK million)

31 Dec 2023	Consolidatedsituation
Internally assessed capital requirement [1]	
Pillar I capital requirement	3 062
Percentage of total riskweighted exposure amount	8,0
Pillar II capital requirement	702
Percentage of total riskweighted exposure amount	1,8
Combined buffer requirement	1723
Percentage of total riskweighted exposure amount	4,5
Total capital requirement	5 487
Percentage of total risk-weighted exposure amount	14,3
Own funds (Tier 1 capital + Tier 2 capital)	7 045
Percentage of total risk-weighted exposure amount	18,4
Capital requirement as assessed by Finansinspektionen [2]	
Pillar I capital requirement	3 062
Percentage of total riskweighted exposure amount	8,0
Pillar II capital requirement	773
Percentage of total riskweighted exposure amount	2,0
Combined buffer requirement	1723
Percentage of total riskweighted exposure amount	4,5
Capital requirement, Pillar II guidance	0
Percentage of total riskweighted exposure amount	0,0
Total capital requirement (incl. Pillar II guidance)	5 558
Percentage of total risk-weighted exposure amount	14,5
Own funds (Tier 1 capital + Tier 2 capital)	7 045
Percentage of total risk-weighted exposure amount	18,4
Leverage ratio requirement [3]	
Leverage ratio requirement	3 525
Percentage of total exposure amount for the leverage ratio	3,0
Pillar II capital requirement	0
Percentage of total exposure measure for the leverage ratio	0
Capital requirement, Pillar II guidance	352
Percentage of total exposure measure for the leverage ratio	0,3
Total capital requirement (incl. Pillar II guidance)	3 877
Percentage of total exposure measure for the leverage ratio	3,3
Tier 1 capital	6 536
Percentage of total exposure amount for the leverage ratio	5,6

[1] Pertains to Pillar I capital requirements pursuant to the Capital Requirements Regulation (EU) No 575/2013, Pillar II capital requirements according to the bank's (ICAAP 2021) and the combined buffer requirement pursuant to the Capital Buffers Act (2014:966).

[2] Pertains to Pillar I capital requirements pursuant to the Capital Requirements Regulation (EU) No 575/2013, Pillar II capital requirements according to Finansinspektionen's (SREP 2021) and the combined buffer requirement pursuant to the Capital Buffers Act (2014:966).

[3] Pertains to the leverage ratio requirement pursuant to the Capital Requirements Regulation (EU) No 575/2013 and Pillar II capital requirements according to Finansinspektionen's (SREP 2021).The leverage ratio requirement was introduced in June 2021.

Combined buffer requirement

In addition to the regulatory capital requirement, under the Capital Buffers Act and FFFS 2014:12, the bank must have adequate CET1 capital to meet the combined buffer requirement, which in the bank's case comprises the capital conservation buffer and the countercyclical buffer.

In 2023, the combined buffer requirement consisted of the capital conservation buffer of 2.5 percent and the counter cyclical capital buffer of 2 percent of the total risk exposure amount. On 21 September June 2021, Finansinspektionen decided to raise the countercyclical buffer to 2.0. However, the combined buffer requirement differs from the regulatory capital requirement in Pillar I since, during a period of stress, not meeting it is allowed on a temporary basis.

Capital adequacy and buffer requirements under Basel III are shown in Table 8. The regulatory capital requirement is divided into risk category, measurement method and exposure class and presented in Table 10.

8.3 Capital ratios

The total capital ratio for the consolidated situation amounted to 18.4 percent (16.1) and the CET1 capital ratio was 16.3percent (14.0) (22.7 percent excluding the risk weight floor in Pillar I).

The CET1 capital ratio has increased during the year, primarily due to the implementation of new PD models.

8.4 Internally assessed capital requirement

Within the framework for Pillar II, the institute is also responsible for describing and assessing the capital requirement for other material risks not covered by the aforementioned capital and buffer requirements mentioned in Section 8.2. In 2023, the bank's assessment was that within the Pillar II framework the bank had a capital requirement for credit risk, market risk and pension risk. The capital adequacy assessment takes into account the minimum capital requirement, the combined buffer requirement. and the Pillar II capital requirement. The internally assessed capital requirement for the consolidated situation was SEK 5.5 billion (5.4). The rising capital requirement increases due to increased corporate lending. The capital requirement should be compared with own funds of SEK 7.0 billion (6.5), see Table 11.

8.5 Capital requirement as assessed by Finansinspektionen

In SREP 2021, Finansinspektionen decided that the bank, in addition to the Pillar I capital, has a Pillar II capital requirement pertaining to the risk-based capital requirement of 2.0 percent of the risk-weighted exposure amount. As of 31 December 2023, this corresponded to SEK 773 million.

Finansinspektionen has made the judgement that the bank has no capital requirement pursuant to the Pillar II guidance. The capital requirement for the consolidated situation, as assessed by Finansinspektionen, totalled SEK 5.6 billion (54.5). See Table 11 for further information.

8.6 Leverage ratio

From 2015, a leverage ratio must be calculated and reported externally by the bank. The metric became a man datory capital requirement of 3 percent under the CRR in the second quarter of 2021. As with the risk-based capital requirement, Finansinspektionen has the possibility, in addition to the leverage ratio requirement, to impose Pillar II requirements and Pillar II guidance in excess of the mini mum capital requirement. Finansinspektionen has imposed a Pillar II guidance requirement of 0.3 percent on Landshypotek's consolidated situation but has not imposed any other Pillar II requirement on the bank. Accordingly, the bank's leverage ratio requirement, including the Pillar II guidance, amounted to 3.3 percent, which should be com pared with the bank's leverage ratio of 5.6 percent (5.1). See tables 12 - 14 for further information on the leverage ratio.

Table 12 EU LR1 – LRSum: Summary reconciliation of accounting assets and leverage ratio exposures (SEK million)

Row no.		Consolidated situation
1	Total assets as per published financial statements	118 866
8	Adjustment for derivative financial instruments	-1 239
10	Adjustment for offbalance sheet items (i.e. conversion to credit equivalent amounts of offbalance sheet exposu-res)	1 400
11	(Adjustment for prudent valuation adjustments and specific and general provisions which have reduced Tier 1 capital)	-1 104
12	Other adjustments	-426
13	Total exposure measure	117 497

Table 13 EU LR2 – LRCom: Leverage ratio common disclosure (SEK million)

Row no.		CRR leverage ratio exposures a 31 Dec 2023	CRR leverage ratio exposures b 31 Dec 2022
On-balance sheet exposures (excluding derivatives and securities financing transactions (SFTs))			
1	Onbalance sheet items (excluding derivatives, SFTs, but including collateral)	116 995	118 223
6	(Asset amounts deducted in determining Tier 1 capital)	-402	-611
7	Total on-balance sheet exposures (excluding derivatives, and SFTs)	116 593	117 612
Derivatives exposures			
8	Replacement cost associated with SACCR transactions (i.e. net of eligible cash variation margin)	356	135
9	Addon amounts for potential future exposure associated with SACCR derivatives transactions	251	141
13	Total derivatives exposures	608	275
Other off-balance sheet exposures			
19	Offbalance sheet exposures at gross notional amount	1 400	2 044
20	(Adjustments for conversion to credit equivalent amounts)	1 104	-1 618
22	Off-balance-sheet exposures	296	427
Capital measure and total exposure measure			
23	Tier 1 capital	6 536	6 001
24	Total exposure measure	117 497	118 314
Leverage ratio			
25	Leverage ratio (%)	5,6	5,1
EU-25	Leverage ratio (without the adjustment due to excluded exposures of public development banks – Public sector investments)	5,6	5,1
25a	Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves) (%)	5,6	5,1
26	Regulatory minimum leverage ratio requirement (%)	3,0	3,0
Choice on transitional arrangements and relevant exposures			
EU-27b	Choice on transitional arrangements for the definition of the capital measure	Fully phased in	Fully phased in
Disclosure of mean values			
30	Total exposures (including the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	117 497	118 314
30a	Total exposures (excluding the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	117 497	118 314
31	Leverage ratio (including the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables) (%)	5,6	5,1
31a	Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables) (%)	5,6	5,1

Table 14 EU LR3 – LRSpl: Split-up of on-balance sheet exposures (excluding derivatives and SFTs) (SEK million)

Row no.		Consolidated situation
EU-1	Total on-balance sheet exposures (excluding derivatives and SFTs, and exempted exposures), of which:	119 392
EU-3	Banking book exposures, of which:	6 866
EU-4	Covered bonds	6 866
EU-5	Exposures treated as sovereigns	5 038
EU-7	Institutions	1 130
EU-8	Secured by mortgages of immovable properties	64 170
EU-9	Retail exposures	28
EU-10	Corporate	41 143
EU-11	Exposures in default	2
EU-12	Other exposures (e.g. equity, securitisations, and other noncredit obligations assets)	1 015

9 Definitions and explanations

Basel III	In Sweden, the Basel III agreement was implemented through the direct impact of the EU CRR and the Swedish implementation of the CRD, which was implemented through Finansinspektionen's regulations and general guidelines as well as through Swedish legislation.
Basic indicator approach	An approach for calculating the capital requirement for operational risk.
Loan-to-value (LTV) ratio	The longterm sustainable value of the collateral being loaned against with the bank is never permitted to exceed the market value.
Capital Requirements Regulation (CRR)	Regulation (EU) No. 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012.
CRD	Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms.
EMTNprogramme	The Euro Medium Term Note programme is an international borrowing programme for issuing covered bonds, senior debt (including senior nonpreferred) and dated subordinated loans in both SEK and other currencies.
Exposure value	For assets in the balance sheet, this is the recognised value, but for offbalancesheet items, the obligation is multiplied by a multiplier (for example, a conversion factor).
Exposureweighted	The weightedaverage exposure value.
Default	Exposure to a specific counterparty is deemed to be in default if any of the following criteria are met: • It is deemed unlikely that the counterparty will pay its credit obligations in full to the bank without the bank having to take measures to realise collateral. • Any of the counterparty's significant credit obligations to the bank falling past due by more than 90 days. • The counterparty no longer meets any of the above criteria but remains in default quarantine.
The Association	Landshypotek Ekonomisk Förening.
Commission Implementing Regulation (EU) No. 2021/637	Commission Implementing Regulation (EU) No. 2021/637 laying down implementing technical standards with regard to public disclosures of own funds requirements for institutions.
FFFS 2014:12	Finansinspektionen's (the Swedish Financial Supervisory Authority) regulations regarding prudential requirements and capital buffers, FFFS 2014:12.
Foundation IRB approach	An IRB approach with prescribed LGD values and conversion factors.
Internally assessed capital requirement	Comprises the risks covered by the calculation of the capital requirement (Pillar I), the combined buffer requirement and the risks arising in the bank's ICAAP (Pillar II).
Agricultural and forest properties	Agricultural units.
CF	The conversion factor used in the calculation of the exposure value for certain offbalancesheet exposures. In the bank's case, the CF is applied for the product, first lien mortgage loans.
Own funds	Own funds comprise the total of Tier 1 capital and Tier 2 capital.
Own funds requirement	This means that institutions subject to the CRR must have a CET1 capital ratio of not less than 4.5 percent, a Tier 1 capital ratio of not less than 6 percent and a total capital ratio of not less than 8 per cent (own funds requirements). This means that the capital for the respective ratios must amount to the specified percentage of the total risk exposure amount.

Combined buffer requirement	For Landshypotek Bank, this comprises the sum of the CET1 capital requirement, which pursuant to the Capital Buffers Act follows from the capital conservation buffer and the institutionspecificcountercyclical capital buffer.
Consolidated situation	The consolidated situation encompasses Landshypotek Ekonomisk Förening and Landshypotek Bank.
Loan commitment	Committed, but undisbursed credits.
CET1 capital	A subcomponent of own funds and primarily comprises equity. Deductions are made for, inter alia, foreseeable dividends and regulatory adjustments.
CET1 capital ratio	CET1 capital in relation to the total risk exposure amounts.
Capital Buffers Act	The Capital Buffers Act (2014:966).
Landshypotek Bank or the bank	Landshypotek Bank AB (publ).
LCR	The liquidity coverage ratio, is a measure of liquidity risk, whereby net cash outflows over a 30day significant stress period are shown in relation to how much liquidity the bank has.
LGD	Loss given default.
LGD floor	The average exposureweighted LGD value is steered by a limitation rule that entails a floor for the total LGD level of 10 percent for all retail exposures against collateral in residential properties and 15 percent for all retail exposures with collateral in commercial properties.
Limitgrupp	A group of customers with internal economic ties of such a nature that financial issues with one customer can infect another. Limit groups can also comprise customers with no credit limits.
SEK billion	Billion Swedish krona.
SEK million	Million Swedish krona.
NSFR	The net stable funding ratio is a metric for liquidity risk, whereby liabilities and assets are assigned different quotients depending on, inter alia, quality and tenor.
NPAP	Process for material changes that may have an impact on the Bank's risk profile.
PD	The probability of a borrower defaulting within one year (probability of default).
Mortgages on im-movable property	The bank accepts mortgage deeds on various types of immovable property as collateral, but almost exclusively agricultural and forest properties, and houses.
Tier 1 capital	The sum of CET1 capital and additional Tier 1 capital.
Risk weight	A metric that describes the risk level of an exposure under the CRR. Calculated by dividing the risk exposure amount by the exposure value for the respective risk exposure.
Risk exposure amount	The risk weight for each risk exposure multiplied by the exposure value is the risk exposure amount (REA).
Standardised Approach	A method for calculating credit risks, which is based on standardised risk weights. The standardised approach can also be applied for CVA risk.
Houses	A house.
Tier 2 capital	A subcomponent of own funds, which comprises dated subordinated loans.
SEK thousand	Thousand Swedish krona.
Total capital ratio	Total own funds in relation to the total risk exposure amount.
Total credit limit	The total of the credit limits for the borrowers included in a limit group.
Credit portfolio	Lending to the public in accordance with the balance sheet.
Additional Tier 1 (AT1) capital	A subcomponent of own funds, which comprises perpetual subordinated loans.

Appendix – Contents

The tables in the appendix meet the disclosure requirements under the CRR, Regulation (EU) No. 575/2013 and the Commission Implementing Regulation (EU) No 2021/637. The rows and columns excluded from the tables are not relevant for Landshypotek Bank.

Table EU OVA – Institution risk management approach

Legal basis	Row no.	Qualitative information
Point (b) of Article 435(1) CRR	a)	Refer to Chapter 3 Risk management in the Pillar III report.
Point (b) of Article 435(1) CRR	b)	Refer to Chapter 3 Risk management in the Pillar III report. The organization structure is presented in a schematic format and explained in the accompanying text.
Point (e) of Article 435(1) CRR	c)	Refer to Chapter 3 Risk management and 1.1 Introduction and objectivein the Pillar III report.
Point (c) of Article 435(1) CRR	d)	Refer to Chapter 3 Risk management in the Pillar III report.
Point (c) of Article 435(1) CRR	e)	Refer to Chapter 3 Risk management in the Pillar III report.
Point (a) of Article 435(1) CRR	f)	Refer to Chapter 3 Risk management in the Pillar III report. Broken down by each type of risk, such as credit risk, operational risk, counterparty risk, market risk and liquidity risk.
Points (a) and (d) of Article 435 (1) CRR	g)	Refer to Chapter 3 Risk management in the Pillar III report. Broken down by each type of risk, such as credit risk, operational risk, counterparty risk, market risk and liquidity risk.

Table EU LIQA – Liquidity risk management In accordance with Article 451a(4) of CRR

Row no.	Qualitative information
a)	Refer to Landshypotek Pillar III report Chapter 3 Risk management and Chapter 5 Liquidity risk.
b)	Refer to Landshypotek Pillar III report Chapter 3 Risk management.
c)	Refer to Landshypotek Pillar III report Chapter 3 Risk management.
d)	Refer to Landshypotek Pillar III report Chapter 5 liquidity risk.
f)	Refer to Landshypotek Pillar III report Chapter 5 liquidity risk.
g)	Refer to Landshypotek Pillar III report Chapter 5 liquidity risk.
h)	Refer to Landshypotek Pillar III report Chapter 3 Risk management and Chapter 5 liquidity risk.
i)	The bank has a low risk appetite for liquidity risks. The low level of risk undertaking is ensured through diversified bor rowing that is subject to internal limits set by the bank's Board. By holding a liquidity portfolio comprised of highquality Swedish krona denominated securities issued by Swedish municipalities and regions as well as Nordic issuers of covered bonds with the highest credit rating the bank ensures it has good payment capacity in case of liquidity stress. The chal lenges that the bank has identified in the area of risk, primarily pertain to the risk of a less wellfunctioning capital market where fewer market participants are active in both the primary and the secondary markets, thereby leading to poorer preconditions for refinancing and new borrowing. For a more indepth description of the bank's liquidity risk management, refer to the Pillar III Report Chapter 5.

Table EU CRA – General qualitative information about credit risk

Row no.	Qualitative disclosures
a)	Refer to Chapter 3 Risk management in the Pillar III report, and more specifically 3.1.
b)	Refer to Chapter 3 Risk management in the Pillar III report.
c)	Refer to Chapter 3 Risk management in the Pillar III report as well as the sections for each risk category: Chapter 4 credit risk, Chapter 5 liquidity risk, Chapter 6 market risk and Chapter 7 for operational risk.
d)	Refer to Chapter 3 Risk management and more specifically 3.4The bank's three lines of defence in the Pillar III report.

Table EU MRA – Qualitative disclosure requirements related to market risk

Row no.	Legal basis	Qualitative disclosures
a)	Points (a) and (d) of Article 435 (1) CRR	Refer to Chapter 6, Market risk in the Pillar III report.
b)	Point (b) of Article 435(1) CRR	Refer to Chapter 6, Market risk in the Pillar III report.
c)	Point (c) of Article 435(1) CRR	Refer to Chapter 6, Market risk in the Pillar III report.

Table EU ORA – Qualitative information on operational risk

Legal basis	Row no.	Qualitative information
Points (a), (b), (c) and (d) of Article 435 (1) CRR (a)	a)	Refer to Chapter 3 Risk management in the Pillar III report, where 3.1 addresses the objective and 3.2 risk management. Moreover the sections for each risk category: Chapter 4 credit risk, Chapter 5 liquidity risk, Chapter 6 market risk and Chapter 7 for operational risk.
Article 446 CRR	b)	The Pillar I regulatory capital requirement for operational risk is calculated with the basic indicator approach.

Table EU OVB – Disclosure on governance arrangements

Legal basis	Row no.	Qualitative information
Point (a) of Article 435 (2) CRR	a)	Ann Krumlinde Hyléen has ten other board assignments; Anna-Karin Celsing has ten other board assignments; Ole Laurits Lönnum has five other board assignments; Lars-Johan Merin has four other board assignments, one of which is in a group company; Lars Sjögren has eight other board assignments; Hans Broberg has no other board assignments; Johan Nordenfalk has eight other board assignments; Anders Nilsson has one other board assignment; and Johan Trolle-Löwen has nine other board assignments.
Point (b) of Article 435 (2) CRR	b)	Landshypotek Bank conducts a suitability assessment in connection with the appointment of Board members, the re-election of Board members and when necessary. The assessment is conducted in accordance with the bank's policy for suitability assessment and diversity policy. The suitability assessment takes into account the competence, experience, reputation, integrity and other criteria such as potential conflicts of interest and the ability of the member to devote sufficient time to the task. Finansinspektionen conducts a management review when appointing board members. In 2023, the Bank had seven elected board members and two employee representatives. All Board members have broad experience in business and/or agriculture and forestry. The composition of the Board ensures that the Board has an understanding of the Bank's activities as a whole and the risks associated with them.
Point (c) of Article 435 (2) CRR	c)	According to Landshypotek Bank's diversity policy, the background of the members (geographical origin and educational and professional background), the gender distribution of the Board and the age of the members are to be taken into account in order to achieve good diversity on the Board. The Bank's goal is to have at least 40 per cent representation of each gender on the Board of Directors. In 2023, the Board consisted of two women and five men, which means that each gender was represented on the Board by approximately 30 and 70 per cent respectively.
Point (d) of Article 435 (2) CRR	d)	Landshypotek Bank has set up a separate Risk and Capital Committee, which met five times in 2023.
Point (e) of Article 435 (2) CRR	e)	The main task of Landshypotek Bank's Risk and Capital Committee is to be a preparatory body for the Board and, in dialogue with internal functions, to provide the Board with information and prepare internal regulations, monitor, analyse and prioritise risk-related issues. The members of the Risk and Capital Committee are members of the Board of Directors. The Chief Risk Officer, who is an official of the Bank and head of the Bank's risk organisation, reports to the Committee. The Committee met five times in 2023. In addition, the head of the Bank's risk organisation, who is independent of the business operations, reports directly to the CEO and the Board of Directors.

Table EU CC2 – Reconciliation of regulatory own funds to balance sheet in the audited financial statements (SEK million)

Row no.		a	b	c
		Balance sheet as in published financial statements	Under regulatory scope of consolidation	Reference to row number in Table 8 of the Pillar III report.
		31 Dec 2023	31 Dec 2023	
	Assets – Breakdown by asset classes according to the balance sheet in the published financial statements			
1	Cash and balances with central banks	-	-	
2	Eligible treasury bills	3 881	3 881	
3	Loans to credit institutions	220	220	
4	Loans to the public	104 751	104 751	
5	Value change of interesthedged items in portfolio hedges	-350	-350	
6	Bonds and other interestbearing securities	8 009	8 009	
7	Derivatives	1 847	1 847	
8	Shares and participations	0	0	
9	Intangible assets	47	47	8
10	Tangible assets	50	50	
11	Other assets	10	10	
12	Prepaid expenses and accrued income	52	52	
13	Total assets	118 516	118 516	
	Liabilities – Breakdown by liability classes according to the balance sheet in the published financial statements			
1	Liabilities to credit institutions	552	552	
2	Borrowing/deposits from the public	29 080	29 080	
3	Debt securities issued, etc.	78 750	78 750	
4	Derivatives	1 845	1 845	
5	Other liabilities	362	362	
6	Tax liabilities	28	32	
7	Accrued expenses and prepaid income	42	42	
8	Provisions	0	0	
9	Subordinated liabilities	602	602	48
10	Other liabilities	111 261	111 265	
	Equity			
1	Member contributions	2 036	2 036	1
2	Tier 1 capital	400	400	34
3	Other contributed equity	1 798	1 798	2
4	Reserves	-22	-8	3
5	Actuarial changes	-20	-20	3
6	Retained earnings	2 526	2 526	2
7	Net profit for the year	538	534	EU-5a
8	Total equity	7 256	7 251	

Table EU OV1 – Overview of total risk exposure amounts (SEK million)

Row no.		Total risk exposure amounts (TREA)		Total own funds requirements
		a	b	c
		31 Dec 2023	31 Dec 2022	31 Dec 2023
1	Credit risk (excluding CCR)	35 482	38 258	2 839
2	Of which the standardised approach	891	815	71
3	Of which the Foundation IRB (FIRB) approach	17 476	20 504	1 398
5	Of which the Advanced IRB (AIRB) approach	5 224	8 703	418
6	Counterparty credit risk CCR	970	662	78
EU 8b	Of which credit valuation adjustment CVA	644	383	52
9	Varav andra motpartskreditrisker	0	0	0
23	Of which other CCR	1 826	1 644	146
EU 23a	Of which basic indicator approach	1 826	1 644	146
29	Total	38 278	40 564	3 062

Table EU OVC – ICAAP information

Legal basis	Row no.	Qualitative information
Article 438(a) CRR	a)	The bank's capital adequacy assessment is based on the Basel III framework. The bank's capital requirements comprise Pillar I, Pillar II and capital buffers. The bank uses dynamic and static balance sheets to stress test the capital requirement.
Article 438(c) CRR	b)	Refer to section 8.4 for the internally assessed capital requirement.

Table EU OR1 – Operational risk own funds requirements and risk-weighted exposure amounts (SEK million)

Row no.	Banking activities	a	b	c	d	e
		Relevant indicator			Own funds requirements	Risk exposure amount
		År-3	År-2	Sista året		
1	Bankverksamhet som omfattas av basmetoden (BIA)	1 096	965	860	146	1 826

Table EU KM1 – Key metrics template (SEK million)

Row no.		a 31 Dec 2023	b 30 Sep 2023	c 30 Jun 2023	d 31 Mar 2023	e 31 Dec 2022
	Available own funds (amounts)					
1	CET1 capital	6 243	6 038	5 965	5 726	5 690
2	Tier 1 capital	6 536	6 335	6 263	6 040	6 001
3	Total capital	7 045	6 849	6 778	6 588	6 544
	Risk-weighted exposure amounts					
4	Total riskweighted exposure amount	38 278	38 038	37 919	41 196	40 564
	Capital ratios (as a percentage of risk-weighted exposure amount)					
5	Common Equity Tier 1 ratio (%)	16,3	15,9	15,7	13,9	14,0
6	Tier 1 capital ratio (%)	17,1	16,7	16,5	14,7	14,8
7	Total capital ratio (%)	18,4	18	17,9	16	16,1
	Additional own funds requirements to address risks other than the risk of excessive leverage (as a percentage of risk-weighted exposure amount)					
EU 7a	Additional own funds requirements to address risks other than the risk of excessive leverage (%)	2	2	2	2	2,0
EU 7b	of which: to be made up of CET1 capital (percentage points)	1,1	1,1	1,1	1,1	1,1
EU 7c	of which: to be made up of Tier 1 capital (percentage points)	1,5	1,5	1,5	1,5	1,5
EU 7d	Total SREP own funds requirements (%)	10,0	10,0	10,0	10,0	10,0
	Combined buffer and overall capital requirements (as a percentage of risk-weighted exposure amount)					
8	Capital conservation buffer (%)	2,5	2,5	2,5	2,5	2,5
9	Institutionspecific countercyclical capital buffer (%)	2	2	2	1	1
EU 11a	Overall capital requirements (%)	14,5	14,5	14,5	13,5	13,5
11	Combined buffer requirement (%)	4,5	4,5	4,5	3,5	2,5
12	CET1 available after meeting the total SREP own funds requirements (%)	8,4	8	7,9	6	6,1
	Leverage ratio					
13	Total exposure measure	117 497	122 066	122 534	120 268	118 314
14	Leverage ratio (%)	5,6	5,2	5,1	5	5,1
	Additional own funds requirements to address the risk of excessive leverage (as a percentage of total exposure measure)					
EU 14a	Additional own funds requirements to address the risk of excessive leverage (%)					
EU 14b	of which: to be made up of CET1 capital (percentage points)					
EU 14c	Total SREP leverage ratio requirements (%)	3,0	3,0	3,0	3,0	3,0
	Leverage ratio buffer and overall leverage ratio requirement (as a percentage of total exposure measure)					
EU 14d	Leverage ratio buffer requirement (%)					
EU 14e	Overall leverage ratio requirement (%)	3	3	3	3	3,0
EU 16a	Cash outflows – total weighted value	3 598	4 537	3 546	3 791	3 599
16	Total net cash outflows (adjusted value)	3 257	4 340	3 342	3 251	3 367
	Net stable funding ratio					
19	Total required stable funding	84 915	84 991	85 816	85 900	86 126
15	Total highquality liquid assets (HQLA) (weighted value – average)	10 827	12 908	13 493	10 515	8 349
EU 16b	Cash inflows – total weighted value	341	196	204	270	232
17	Liquidity coverage ratio (%)	332,0	297 ,0	404 ,0	299 ,0	248,0
18	Total available stable funding	100 848	101 960	106 014	102 368	101 557
20	Net stable funding ratio (%)	118,3	120,0	123,5	119,2	117,9

Table EU REMA – Remuneration policy

Row no.	Qualitative disclosures
a)	• The Remuneration Committee of the Bord of Directors is composed of Board members and the Chairman of the Board and has convented 3 times during the fiscal year . The main body for annual review comprises the Chief Compliance Officer and Cheif operational risk. • Deloitte, which has been engaged by the Board, is the bank's internal auditor and conducts annual audits of the bank's remuneration system. No external consultants has been consulted. • The remuneration policy encompasses all employees (including the board regarding risk takers) of Landshypotek Bank. • The following has been identified as risk takers; The Board, executive management, control functions, members of central and regional credit advisory committees, Head of Treasury Execution, Chief treasury, Treasury Execution traders, authorised decision-makers and employees whose total remuneration equals or exceeds the total remuneration of any member of executive management and who has a material impact on the risk profile.
b)	• The objective of the remuneration policy and the risk assessment is to ensure that the bank has a remuneration system that applies market terms, is non-discriminatory, attractive and rewards good performance as well as ensures that the employees' efforts align with the bank's strategies and rules. The remuneration policy and the bank's remuneration system are reviewed and adopted each year by the bank's Board through the Board's Remuneration Committee. • Fixed remuneration is based on the salary principles set out in the collective agreements to which the Bank is a party. The bank's profit-sharing programme builds on profit targets for the bank as a whole and which comprise both quantitative and qualitative targets. The Board assesses performance linked to profit-sharing targets and decides on an allocation to the profit-sharing foundation. Other variable remuneration such as bonuses and severance pay only arises in exceptional circumstances. A fundamental principle for all variable remuneration is that total variable remuneration to any individual employee may never exceed total fixed remuneration for said employee. • The remuneration policy is reviewed on an annual basis. During 2023 smaller additions were made such as adding Chief treasury as a risk taker. • The bank has made the assessment that employees in control functions are entitled to participate in the profit-sharing foundation and may also receive bonuses. This assessment is based on the fact that the profit-sharing foundation has a ceiling, whereby the remuneration to any one employee comprises only a smaller proportion of the employee's total annual remuneration and is limited to a maximum of one price basic amount. The payment is deferred and the goals for the profit-sharing foundation comprise a mix of financial and non-financial company-wide objectives. Altogether, this means that the inherent risk of the profit-sharing foundation impacting on the independence of the control functions is considered low. • No guaranteed variable remuneration is paid within the bank.
c)	• Given the bank's high proportion of fixed remuneration, it is more difficult to quickly adjust salary costs when necessary, which is a negative factor compared to a high proportion of variable remuneration. However, from a risk perspective the remuneration system is positive since compensation is not linked directly to trading income or lending volumes and thus provides no incentive for a high level of risk undertakings. The remuner- ation scheme is designed so that it does not compromise client protection. This is because remuneration is not linked to individual sales targets. Furthermore, while the profit-sharing foundation's target figures may be linked to market share targets or similar volume targets, this is not at an individual level. The above approach reduces any risk of inappropriate remuneration levels arising within the bank and of profit sharing possibly jeopardising the bank's own funds.
d)	• N/A
e)	• Salaries and other benefits comprise a reward for work performed, and motivate improvements in efficiency, performance, quality and commitment. The criteria used in assessing performance and hence salary are clearly linked to the objectives and results to be achieved individually, for the group/unit and for the Bank as a whole. • See above. • Only cash remuneration is applied. • No guaranteed variable remuneration is paid within the bank.
f)	• Profit shares are disbursed to the profit-sharing foundation and are only available for payment to the employees three years after the payment to the profit-sharing foundation. Once the funds have been transferred to the profit-sharing foundation, they cannot be recovered by the bank. The amount is the same for all employee categories under the condition that the employee has worked a full calendar year. The Chief Executive Officer does not participate in profit sharing. • See above. • N/A
g)	• N/A
h)	• The total remuneration of each member of the management body or the executive management appers in the annual report.
i)	• N/A
j)	• N/A

Table EU REM1 – Remuneration awarded for the financial year (SEK million)

Row no.			a	b	d
			MB Supervisory function (Board of Directors)	MB Management function (Bank Management)	Other identified staff
1	Fast ersättning	Number of identified staff	4	8	15
2		Total fixed remuneration	3,13	21,51	16,20
3		Of which: cash-based	3,13	21,51	16,20
9	Rörlig ersättning	Number of identified staff	4	7	15
10		Total variable remuneration	0,20	0,35	0,60
11		Of which: cash-based	0,20	0,35	0,60
12		Of which: deferred	0,20	0,35	0,60
17	Total remuneration (2 + 10)		3,33	21,85	16,80

Table EU REM3 – Deferred remuneration (SEK million)

Row no.	Deferred and retained remuneration	a	b	d
		Total amount of deferred remuneration awarded for previous performance periods (provision 2017–2021)	Of which due to vest in the financial year (provision 2017 available in 2022)	Of which vesting in subsequent financial years (provision 2018 available in 2023)
1	MB Supervisory function (Board of Directors)	0,70	0,09	0,12
2	Cash-based	0,70	0,09	0,12
7	MB Management function (Bank Management excl. CEO)	0,67	0,08	0,09
8	Cash-based	0,67	0,08	0,09
19	Other identified staff (employee) Risk takers	1,33	0,21	0,21
20	Cash-based	1,33	0,21	0,21
25	Total	2,70	0,39	0,42

Table EU CRE – Qualitative disclosure requirements related to IRB approach

Legal basis	Row no.	Qualitative disclosures
Article 452 (a) CRR	a)	The bank has permission from Finansinspektionen to use the IRB approach (internal rat- ings-based) for Retail exposures when calculating the bank's regulatory capital requirement, and permission to use the foundation IRB when calculating the regulatory capital requirement for Corporate exposures. The bank also has permission from Finansinspektionen to use the standardised approach for certain Retail and Corporate exposures pursuant to Article 150.1 (c) of the CRR, for exposures to central governments and central banks pursuant to Article 150.1 (d) of the CRR, and for exposures to institutions pursuant to Article 150.1 (b) of the CRR.
Article 452 (c) CRR	b)	i) Refer to Section 3.4 The bank's three lines of defence in the Pillar III report. ii) Refer to Section 4.4, Validation in the Pillar III report. iii) In line with internal policies (adopted by the bank's CRO) and Article 10 of RTS 2016/03, the individual or individuals who validate the models are not permitted to have been part of developing the models undergoing validation. iv) An internal guideline adopted by the Bank's CEO governs and thereby ensures the accountability of the functions that prepare and review the models.
Article 452 (d) CRR	c)	The Bank has internal guidelines in place that govern the management of any change impacting the bank's IRB system. Model development is driven by the IRB unit, which is part of the bank's risk organisation The CRO is responsible for informing the IRB unit manager about any planned and decided changes that could impact the IRB system. Any changes that impact the IRB system must be decided by the bank's Balance Sheet and Income Statement Committee. Significant changes are prepared by the Board's Risk and Capital Committee and decided by the Board.
Article 452 (e) CRR	d)	Management reporting linked to the IRB approach is reported to the Board through the bank's Risk PM and the bank's annual validation report. The scope and main content of the reporting is in accordance with Article 189 CRR and Article 15 RTS 2016/03.
Article 452 (f) CRR	e)	i) Refer to Section 4.4, PD –Probability of default in the Pillar III report. ii) Refer to Section 4.4, LGD – Loss Given Default in the Pillar III report. i) Refer to Section 4.4, CF – Conversion factor in the Pillar III report.

Table EU CR6-A – Scope of the use of IRB and SA approaches (SEK million)

Row no.		Exposure value as defined in Article 166 CRR for exposures subject to IRB approach	Total exposure value for exposures subject to the Standardised approach and to the IRB approach	Percentage of total exposure value subject to the permanent partial use of the SA (%)	Percentage of total exposure value subject to the IRB approach (%)
		a	b	c	d
1	Central governments or central banks	-	5 032	100	0
1,1	Of which Regional governments or local authorities	-	5 024	100	0
2	Institutions	-	220	100	0
3	Corporates	41 134	41 272	0,33	99,67
4	Retail	63 865	64 308	0,69	99
4,1	Of which Retail – Secured by real estate SMEs	-	27 617	0,37	99,63
4,2	Of which Retail – Secured by real estate non-SMEs	-	36 414	0,17	99,83
4,4	Of which Retail – Other SMEs	-	22 115	100	0
4,5	Of which Retail – Other non-SMEs	-	34 172	100	0
6	Other non-credit-obligation assets	104	1 047	0	100
7	Total	105 103	110 936	10,09	89,91

Table EU CR6 – IRB approach – Credit risk exposures by exposure class and PD range (SEK million)

A-IRB

PD range	On-balance sheet exposures	Off-balance-sheet exposures pre-CCF	Exposure post CCF and post CRM	Exposure weighted average PD (%)	Number of obligors	Exposure weighted average LGD (%)	Exposure weighted average maturity (years)	Risk weighted exposure amount after supporting factors	Density of risk weighted exposure amount (%)	Expected loss amount	Value adjust ments and provisions
a	b	c	e	f	g	h	i	j	k	l	m
Exposure class: Retail – real estate collateral											
0,00 till <0,15	23 694	206	23 810	0,11	40 055	9,86	0	614	2,58	3	0
0,00 till <0,10	9 341	110	9 438	0,05	23 442	9,34	0	117	1,24	0	0
0,10 till <0,15	14 353	96	14 372	0,15	16 613	10,21	0	496	3,45	2	0
0,15 till <0,25	17 419	257	17 556	0,18	25 889	10,58	0	679	3,87	3	0
0,25 till <0,50	8 246	60	8 261	0,50	9 691	11,52	0	782	9,47	5	0
0,50 till <0,75	26 310	632	26 475	0,65	31 845	10,64	0	2 590	9,78	18	0
0,75 till <2,50	13 889	201	13 953	1,87	14 710	11,33	0	2 774	19,88	29	-1
0,75 till <1,75	205	6	211	1,04	282	12,66	0	28	13,16	0	0
1,75 till <2,5	13 684	195	13 743	1,88	14 428	11,31	0	2 746	19,98	29	-1
2,50 till <10,00	141	10	146	4,97	87	16,23	0	66	44,85	1	0
2,5 till <5	127	10	131	4,58	54	14,58	0	50	38,00	1	0
5 till <10	14	0	15	8,43	33	30,68	0	16	104,78	0	0
10,00 till 100,00	3 776	23	3 788	18,91	5 045	11,49	0	1 839	48,55	83	-4
10 till <20	2 928	20	2 937	10,59	3 689	11,46	0	1 409	47,98	36	-1
20 till <30	11	0	11	24,32	20	9,45	0	5	44,22	0	0
30,00 till 100,00	836	3	840	47,94	1 336	11,62	0	425	50,60	47	-3
100,00 (default)	447	3	451	100,00	942	4,81	0	586	129,92	22	-21
Total (all exposure classes)	93 922	1 393	94 439		128 264		-	9 929		164	-26

F-IRB

PD range	On-balance sheet exposures	Off-balance-sheet exposures pre-CCF	Exposure post CCF and postCRM	Exposure weighted average PD (%)	Number of obligors	Exposure weighted average LGD (%)	Exposure weighted average maturity (years)	Risk weighted exposure amount after supporting factors	Density of risk weighted exposure amount (%)	Expected loss amount	Value adjust-ments and provisions
a	b	c	e	f	g	h	i	j	k	l	m
Exposure class: Corporates											
0,00 till <0,15	1 415	7	1 419	0,05	324	35,16	3	144	10,16	0	0
0,00 till <0,10	-	-	-	-	-	-	0	-	-	-	0
0,10 till <0,15	205	4	207	0,12	103	35,08	3	34	16,34	0	0
0,15 till <0,25	2 934	27	2 944	0,21	441	35,15	3	669	22,72	2	0
0,25 till <0,50	-	-	-	-	-	-	0	-	-	-	0
0,50 till <0,75	8 736	137	8 779	0,68	870	35,06	3	3 545	40,38	21	0
0,75 till <2,50	17 517	276	17 599	1,30	1 247	35,17	3	8 975	51,00	81	-1
0,75 till <1,75	12 039	178	12 098	1,04	547	35,10	3	5 847	48,33	44	0
1,75 till <2,5	5 479	98	5 501	1,88	700	35,32	3	3 128	56,87	37	0
2,50 till <10,00	6 473	224	6 529	5,22	215	35,48	3	5 000	76,58	37	0
2,5 till <5	5 390	181	5 437	4,58	166	35,53	3	4 025	74,03	88	-1
5 till <10	1 082	43	1 092	8,43	49	35,21	3	975	89,30	32	0
10,00 till <100,00	2 037	20	2 043	21,54	219	35,53	3	2 222	108,79	156	-4
10 till <20	1 238	11	1 242	10,59	157	35,66	3	1 219	98,17	47	0
20 till <30	316	8	318	24,32	14	35,43	3	417	131,41	27	0
30,00 till <100,00	483	1	483	47,83	48	35,28	3	586	121,21	82	-3
100,00 (default)	266	0	266	100,00	17	35,13	3	-	-	93	-2
Total (all exposure classes)	39 378	691	39 579		3 333			20 556		474	-7

Table CR9IRB approach – Back-testing of PD per exposure class (fixed PD scale)
A-IRB

Exposure class: Retail – real estate collateral	PD range	Number of obligors at end of the preceding year	Of which number of obligors which defaulted in the year	Observed average defaultrate (%)	Exposures weighted average PD (%)	Average PD (%)
a	b	c	d	e	f	g
	0,00 till <0,15	8 890	2	0,02	0,11	0,12
	0,00 till <0,10	8 919	2	0,02	0,05	0,12
	0,10 till <0,15	0	0	0,02	0,21	0,12
	0,15 till <0,25	8 919	2	0,02	0,21	0,12
	0,25 till <0,50	14 016	5	0,04	0	0,21
	0,50 till <0,75	0	0	0,00	0,65	0
	0,75 till <2,50	8 060	16	0,03	1,87	0,65
	0,75 till <1,75	7 932	16	0,20	1,04	1,866
	1,75 till <2,5	128	0	0,00	1,88	1,04
	2,50 till <10,00	62	0	0,21	4,97	1,88
	2,5 till <5	38	0	0,00	4,58	5,998
	5 till <10	24	0	0,00	8,43	4,58
	10,00 till <100,00	4 061	125	0,00	18,91	8,43
	10 till <20	2 270	95	4,19	10,59	18,459
	20 till <30	1 782	28	1,57	24,32	10,59
	30,00 till <100,00	9	2	22,22	47,94	24,32
	100,00 (default)	479	65	13,57	100	47,624

F-IRB

Exposure class: Corporates	PD range	Number of obligors at end of the preceding year	Of which number of obligors which defaulted in the year	Observed average default rate (%)	Exposures weighted average PD (%)	Average PD (%)
a	b	c	d	e	f	g
	0,00 till <0,15	103	0	0,00	0,05	0,12
	0,00 till <0,10	0	0	0,00	0,05	0
	0,10 till <0,15	83	0	0,00	0,12	0,12
	0,15 till <0,25	434	0	0,00	0,21	0,21
	0,25 till <0,50	0	0	0,00	0	0
	0,50 till <0,75	786	0	0,00	0,68	0,669
	0,75 till <2,50	1 224	0	0,00	1,3	1,5
	0,75 till <1,75	553	0	0,00	1,04	1,04
	1,75 till <2,5	671	0	0,00	1,04	1,04
	2,50 till <10,00	239	1	0,42	5,22	5,402
	2,5 till <5	188	0	0,00	4,58	4,58
	5 till <10	51	1	1,96	8,43	8,43
	10,00 till <100,00	227	5	2,20	21,54	19,292
	10 till <20	165	0	0,00	10,59	10,59
	20 till <30	17	0	0,00	24,32	24,32
	30,00 till <100,00	45	5	11,11	47,83	49,299
	100,00 (standard)	18	18	100,00	100	100

Table EU CR4 – Standardised approach – Credit risk exposure and CRM effects (SEK million)

Rad nr	Exposure classes	Exposures before CCF and before CRM		Exposure post CCF and post CRM		RWAs and RWAs density	
		On-balance-sheet exposures	Off-balance-sheet exposures	On-balance-sheet exposures	Off-balance-sheet exposures	RWAs	RWAs density (%)
		a	b	c	d	e	f
1	Central governments or central banks	8	-	14	-	-	-
2	Of which Regional govern- ments or local authorities	5 024	-	5 024	-	-	-
6	Institutions	220	-	220	-	44	0
7	Corporates	5	9	-	9	9	0
8	Retail	17	16	16	12	20	0
9	Secured by mortgages on immovable property	304	5	304	1	128	0
10	Exposures in default	2	2	2	0	3	0
12	Covered bonds	6 866	-	6 866	-	687	0
17	Total	12 446	32	12 446	23	891	0

Table EU CR7-A – IRB approach – Disclosure of the extent of the use of CRM techniques (SEK million)

A-IRB						
Row no.	Exposure class	Total exposures	Part of exposures covered by Other eligible collaterals (%)	Part of exposures covered by Immovable property Collaterals (%)	Metoder för kreditriskreducering vid beräkning av riskvägda exponeringsbelopp	
					RWEA without substitution effects (reduction effects only)	RWEA with substitution effects (both reduction and substitution effects)
		a	c	d	m	n
4	Retail	63 865	99,90	99,90	-	-
4,1	Of which Retail – SMEs – Se-cured by immovable property collateral	27 514	99,83	99,83	2 682	2 682
4,2	Of which Retail – non-SMEs – Secured by immovable property collateral	36 350	99,95	99,95	2 543	2 542
5	Total	63 865	99,90	99,90	-	-

F-IRB						
Row no.	Exposure class	Total exposures	Part of exposures covered by Other eligible collaterals (%)	Part of exposures covered by Immovable property Collaterals (%)	Credit risk Mitigation methods in the calculation of RWEAs	
					RWEA without substitution effects (reduction effects only)	RWEA with substitution effects (both reduction and substitution effects)
		a	c	d	m	n
3	Corporates	41 134	99,33	99,33	-	-
3,1	Of which Corporates – SMEs	40 931	99,32	99,32	17 253	17 253
3,3	Of which Corporates – Other	203	100,00	100,00	119	119
4	Total	41 134	99,33	99,33	-	-

Table EU CR3 – CRM techniques overview: Disclosure of the use of credit risk mitigation techniques (SEK million)

Row no.		Unsecured carrying amount	Secured carrying amount	Of which secured by collateral	Of which secured by financial guarantees	Of which secured by credit derivatives
		a	b	c	d	e
1	Loans and advances	220	104 751	104 751	- -	
2	Loans and advances	-	11 890	11 890	-	
3	Total	220	116 641	116 641	- -	
4	Of which non-performing exposures	-	948	948	-	-
EU-5	Of which defaulted	0	0			

Table EU CRC – Qualitative disclosure requirements related to CRM techniques

Legal basis	Row no.	Free format
Point (a) of Article 453 CRR	a)	The bank has permission from Finansinspektionen to perform netting when calculating counterparty risk for derivatives. The exposure is measured net. The bank has no off-balance sheet obligations to derivative counterparties. The bank has ISDA agreements with all coun- terparties. Refer to Chapter 4.6 and Chapter 6 Pillar III report.
Point (b) of Article 453 CRR	b)	The bank has an internal policy that manages the assessment of eligible collateral. The bank's ISDA agreements with respective counterparties determine if and when collateral is to be posted. Refer to Chapter 4.6 and Chapter 6 Pillar III report.
Point (c) of Article 453 CRR	c)	The bank's ISDA agreements with respective counterparties determine what comprises eligible collateral for the bank. The only eligible collateral is cash. Refer to Chapter 4.6 and Chapter 6 Pillar III report.
Point (e) of Article 453 CRR	e)	The maximum exposure to individual counterparties has been established by the bank's Board of Directors in an internal policy. Refer to Chapter 4.6 and Chapter 6 Pillar III report.

Table EU CR1 – Performing and non-performing exposures and related provisions (SEK million)

Row no.		Gross carrying amount/nominal amount						Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions						Accu-mulated partial write-off	Collateral and financial guarantees received	
		Performing exposures			Non-performing exposures			Performing exposures – accumulated impairment and provisions			Non-performing exposures – accumulated impairment, accumu-lated negative changes in fair value due to credit risk and provisions					
			Of which stage 1	Of which stage 2		Of which stage 1t	Of which stage 2		Of which stage 1	Of which stage 2		Varav i 2:a stadiet	Varav i 3:e stadiet		On performing exposures	On non-performing exposures
		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o
005	Cash balances at central banks and other demand deposits	220	220	-	-	-	-	-	-	-	-	-	-		-	-
010	Loans and advances	103 812	101 118	2 694	957	-	957	-9	-4	-5	-8	-	-8	-	103 802	948
020	Central banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
030	General governments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
040	Other financial corporations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
050	Other financial corporations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
060	Non-financial corporations	67 515	65 204	2 311	753	-	753	-8	-3	-4	-7	-	-7	-	67 508	746
070	Of which SMEs	67 329	65 018	2 311	736	-	736	-8	-3	-4	-7	-	-7	-	67 321	729
080	Households	36 296	35 914	383	204	-	204	-2	-1	-1	-1	-	-1	-	36 295	202
090	Debt securities	11 890	11 890	-	-	-	-	-0	-0	-	-	-	-	-	11 890	-
100	Central banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
110	General governments	3 881	3 881	-	-	-	-	-0	-0	-	-	-	-	-	3 881	-
120	Credit institutions	8 009	8 009	-	-	-	-	-0	-0	-	-	-	-	-	8 009	-
130	Other financial corporations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
140	Non-financial corporations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
150	Off-balance-sheet exposures	1 168	1 162	6	2	-	2	0	0	0	0	-	0		-	-
160	Central banks	-	-	-	-	-	-	-	-	-	-	-	-		-	-
170	General governments	-	-	-	-	-	-	-	-	-	-	-	-		-	-
180	Credit institutions	20	18	3	-	-	-	0	0	0	-	-	-		-	-
190	Other financial corporations	-	-	-	-	-	-	-	-	-	-	-	-		-	-
200	Non-financial corporations	517	514	3	2	-	2	0	0	0	0	-	0		-	-
210	Households	631	631	0	0	-	0	0	0	0	0	-	0		-	-
220	Total	116 870	114 170	2 700	959	-	959	-9	-4	-5	-8	-	-8		115 692	948

Table EU CQ1 – Credit quality of forborne exposures (SEK million)

Row no.		Redovisat bruttovärde/nominellt belopp för exponeringar med anståndsåtgärder				Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions		Collateral received and financial guarantees received on forborne exposures	
		Non-performing forborne	Performing forborne			On performing forborne exposures	On non-performing forborne exposures		Of which collateral and financial guarantees received on non-performing exposures with forbearance measures
				Of which defaulted	Of which impaired				
		a	b	c	d	e	f	g	h
005	Cash balances at central banks and other demand deposits	-	-	-	-	-	-	-	-
010	Loans and advances	336	246	246	246	-1	-5	576	241
020	Central banks	-	-	-	-	-	-	-	-
030	General governments	-	-	-	-	-	-	-	-
040	Credit institutions	-	-	-	-	-	-	-	-
050	Other financial corporations	-	-	-	-	-	-	-	-
060	Non-financial corporations	283	222	222	222	-1	-5	500	217
070	Households	52	25	25	25	-0	-0	77	24
080	Debt securities	-	-	-	-	-	-	-	-
090	Loan commitments given	-	-	-	-	-	-	-	-
100	Total	336	246	246	246	-1	-5	576	241

Table EU CQ3 – Credit quality of performing and non-performing exposures by past due days (SEK million)

Row no		Gross carrying amount/nominal amount											
		Performing exposures			Nödlidande exponeringar								
			Not past due or past due ≤30 days	Past due >30 days ≤90 days		Unlikely to pay that are not past due or are past due ≤90 days	Past due >90 days ≤180 days	Past due >180 days ≤1 year	Past due >1 year ≤2 years	Past due >2 years ≤5 years	Past due >5 years ≤7 years	Past due >7 years	Of which defaulted
		a	b	c	d	e	f	g	h	i	j	k	l
005	Cash balances at central banks and other demand deposits	220	220	-	-	-	-	-	-	-	-	-	-
010	Loans and advances	103 812	103 811	1	957	589	144	206	17	1	-	-	957
020	Central banks	-	-	-	-	-	-	-	-	-	-	-	-
030	General governments	-	-	-	-	-	-	-	-	-	-	-	-
040	Credit institutions	-	-	-	-	-	-	-	-	-	-	-	-
050	Other financial corporations	-	-	-	-	-	-	-	-	-	-	-	-
060	Non-financial corporations	67 515	67 515	-	753	426	130	189	7	1	-	-	753
070	Of which SMEs	67 329	67 329	-	736	416	127	185	7	1	-	-	736
080	Households	36 296	36 296	1	204	164	14	17	10	0	-	-	204
090	Debt securities	11 890	11 890	-	-	-	-	-	-	-	-	-	-
100	Central banks	-	-	-	-	-	-	-	-	-	-	-	-
110	General governments	3 881	3 881	-	-	-	-	-	-	-	-	-	-
120	Credit institutions	8 009	8 009	-	-	-	-	-	-	-	-	-	-
130	Other financial corporations	-	-	-	-	-	-	-	-	-	-	-	-
140	Non-financial corporations	-	-	-	-	-	-	-	-	-	-	-	-
150	Off-balance-sheet exposures	1 168			2								-
160	Central banks	-			-								-
170	General governments	-			-								-
180	Credit institutions	20			-								-
190	Other financial corporations	-			-								-
200	Non-financial corporations	517			2								-
210	Households	631			0								-
220	Total	116 870	115 701	1	959	589	144	206	17	1	-	-	957

Table EU CQ7 – Collateral obtained by taking possession and execution processes (SEK million)

Row no.		Collateral obtained by taking possession	
		Value at initial recognition	Accumulated negative changes
		a	b
010	Property, plant and equipment (PP&E)	0	0
020	Other than PP&E	0	0
030	Residential immovable property	0	0
040	Commercial Immovable property	0	0
050	Movable property (auto, shipping, etc.)	0	0
060	Equity and debt instruments	0	0
070	Other collateral	0	0
080	Total	0	0